

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND JUNE 25/JUNE 26 1994

D8523A

Price-cut protest planned against Murdoch group

Andreas Whittam Smith, main founder of The Independent newspaper, which is based in London, plans to go to the UK Office of Fair Trading next week to accuse Rupert Murdoch's News Corporation of predatory pricing by reducing the cover price of *The Times* to 20p. His allegation is backed by shadow trade and industry secretary Robin Cook who wants the OFT to investigate the British newspaper pricing war. Page 24 and Lex

Transplant patient recovering well:



Stephen Hyett, a 32-year-old butcher from Haverhill, Suffolk, pictured left with his wife Tracy, says he feels fine after undergoing a rare multiple-organ transplant at Addenbrooke's Hospital, Cambridge, southern England. He is one of only a handful of people in the world to have received a new liver, kidney, stomach, duodenum, small bowel and pancreas. He suffers from Gardner's Syndrome, a condition that can cause deadly tumours in the bowel and duodenum.

FosTel, 220 bn UK investment management group, is to vote at company annual meetings against the re-election of directors who have rolling employment contracts longer than two years. Page 24 and Lex

Gunnman on rampage in Frankfurt: A gunman armed with a machine pistol struck in the centre of Frankfurt, killing one man and seriously injuring three other people, including a child. He later gave himself up.

Opinion poll puts CDU in lead: Germany's governing Christian Democratic Union has moved 4 points clear of its election rival, the Social Democratic party, for the first time in three years, the latest German opinion poll shows. Page 3

Rebels strike Kigali: Rwandan rebels blitzed the government-held centre of Kigali, inflicting dozens of casualties and hitting the Red Cross hospital and public market with mortar fire.

Boy, 13, cleared of rape: Magistrates at Newport, Isle of Wight, cleared a 13-year-old boy of raping a girl in a school campsite. The boy, 12 at the time of the alleged offence, is the youngest person to have been charged with rape in Britain.

Minster resigns: Portugal's junior minister for employment and training, António Pinto Cardoso, has quit after an investigation was launched into the suspected misuse of European Social Fund money. Page 3

Giant atom-smasher plan on track: Europe is on the brink of building the world's most powerful atom-smasher after the Council of Cern, the European particle physics laboratory near Geneva, backed the project. Page 4

Hope of HK airport accord: A draft agreement on the financing of Hong Kong's HK\$15bn (\$20.5bn) airport project is being prepared by British and Chinese officials in the most hopeful sign for two years that a deal can be concluded. Page 4

UK legal aid rules may be revised: The government may change the legal aid rules after a wealthy Arab businessman received more than £4m (£6.1m) in legal aid to fight an embezzlement action brought by his former employers, the Arab Monetary Fund. Page 7

UK deficit lowest for years: The UK's current account deficit in the first quarter was just £87m (£1.01bn) – its best performance for seven years, according to the Central Statistical Office. Page 6

Eif Aquitaine, privatised French oil group, warned that first-half recurring operating profits would fall by about 20 per cent compared with the same period last year, giving low crude prices earlier this year. Page 11; Lex, Page 24

Part-time job for Sculley: Former Apple Computer chief executive John Sculley has been hired as a part-time marketing adviser by Eastman Kodak, US photographic products group. Page 11

World Cup: The Irish Republic's hopes of advancing to the next stage of the competition were set back when they were beaten 2-1 by Mexico in Orlando leaving all teams in the group equal on points. Weekend, Page XIV

FT writers report from the start of EU leaders' two-day summit in Corfu

Yeltsin signs plan to bring Russia back into Europe

By Lionel Barber

President Boris Yeltsin of Russia yesterday signed a landmark "partnership" agreement with the European Union which strengthens political and economic ties, and holds out the prospect of a free trade area at the turn of the century.

Mr Yeltsin, visibly pleased, told EU leaders at the Corfu summit the agreement was of historic importance: "There is a clear definition of the various stages of bringing Russia back into economic Europe as an equal partner."

The partnership and co-operation agreement - similar in scope to the pact signed this month between the EU and Ukraine - is a central plank in western strategy aimed at stabilising post-communist Russia.

It also aims to ease Russian nationalist fears of encirclement as more countries which were formerly Soviet satellites or neutrals, from the Baltic to the Adriatic, are drawn into the democratic, market-oriented orbit of the European Union.

In a telling sequence, minutes after Mr Yeltsin was whisked away in his armoured black ZIL, the leaders of Austria, Finland, Sweden and Norway stepped into his place in St George's Chapel to sign accession treaties to the European Union. Poland and Hungary have already applied to join the EU, with the Czechs in the wings.

Yet EU diplomats believe their policy of embracing Russia is paying off. This week, Russia became the 21st country to enter the Nato alliance's Partnership for Peace, dropping its earlier demands for a special status and joining its former communist satellites in central and eastern Europe.

Next month, the Group of Seven industrialised nations will welcome Russia as a member of the G8 at their summit in Naples. The new political grouping is calculated to appeal to Russia's demands to be treated as a great power.

Sir Leon Brittan, chief EU trade negotiator, said the partnership agreement was more than a symbolic act. It amounted to a quantum leap in relations with Russia which would encourage foreign investment in Russia and liberalise trade.

Last year, Russian exports to the Union were valued at \$17.4bn (£11.4bn), around 50 per cent of its total exports. Main items included minerals (44 per cent) and wood products (14 per cent). EU exports to Russia were \$13.5bn, with one third being electrical machines and parts; processed foodstuff made up 16 per cent.

The agreement contains several important "safeguard" mechanisms aimed at regulating two-way trade before 1998, when the EU and Russia will decide whether to embark on the far more ambitious goal of a free trade area. Its main features include:

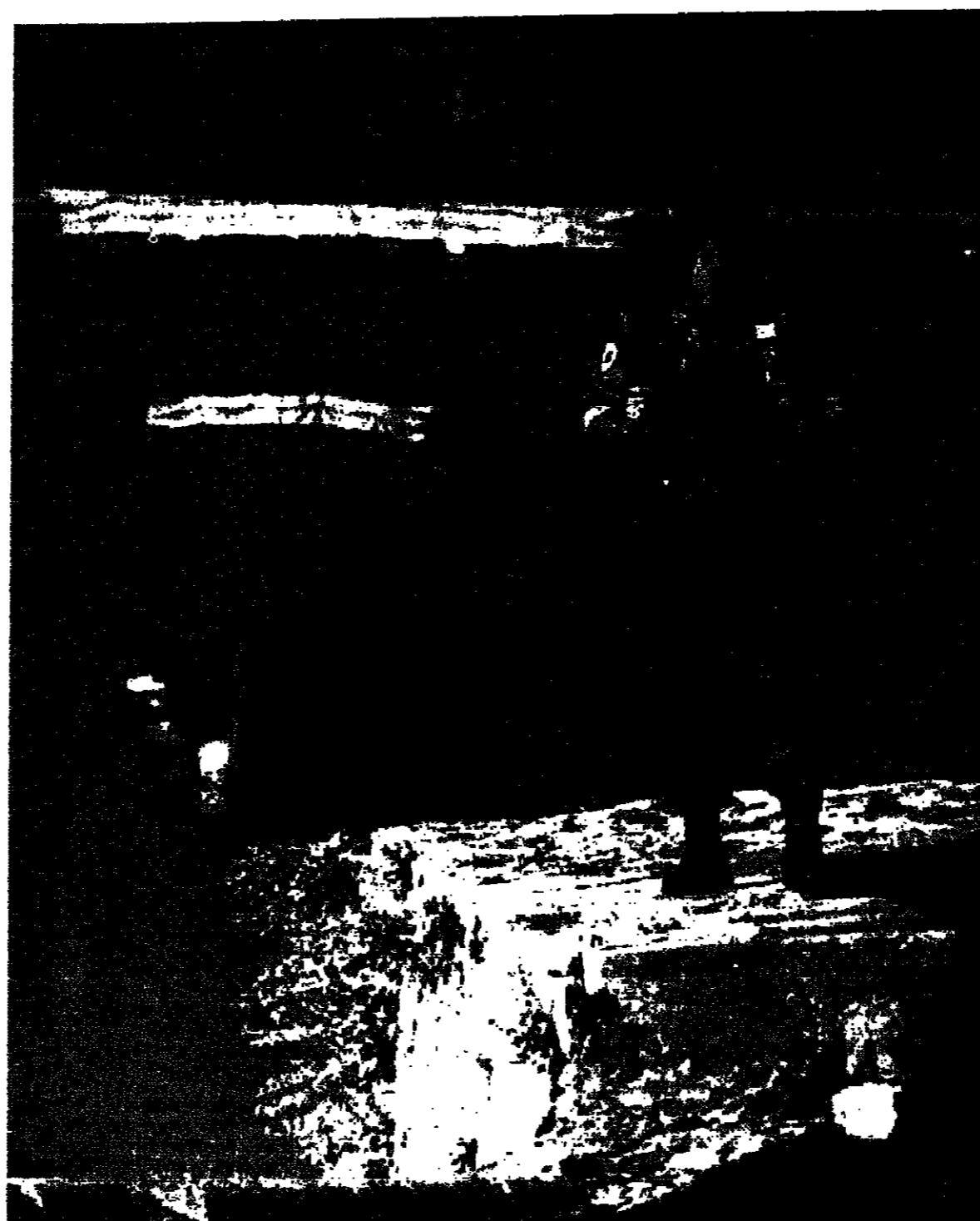
- EU support for Russian accession to the General Agreement on Trade and Tariffs and the successor World Trade Organisation. Meantime, both sides agree to consult before increasing tariffs on each other.

- Removal of all EU quotas on Russian exports, with the exception of certain textile and steel products. But Moscow may introduce limited restrictions in sectors facing heavy job losses, or those which could lose market share to more competitive western companies.

- Safeguard clauses may be introduced on either side to curb sudden surges of imports, similar to those in Gatt. These require parties to show there has been substantial injury to domestic producers.

- Enriched and natural uranium. Thanks to pressure from France, which has the largest share of the EU market, the pact includes safeguard clauses similar to an earlier 1989 pact with Russia. The aim is to conclude a separate agreement covering nuclear fuels by 1997.

- Investment and business. The pact removes obstacles to the free



A Greek armed special force security guard patrols the site of the EU summit on Corfu yesterday.

flow of capital, including direct investment as well as repatriation of profits. Once established in Russia, EU companies cannot be subjected to restrictive legislation for three years following the passage of any new law. Mobility of labour and management should increase, too.

The most vexed topic in the negotiations concerned the Russian banking sector. After much huffing and puffing, Moscow has agreed to scrap by 1996 a decree maintaining curbs on foreign banks. Meantime, this law will not apply retrospectively to the five banks already given licences in Russia - Crédit Lyonnais and Générale de Banque of France; Dresdner Bank of

Germany; and the Dutch ING Bank and ABN Amro.

Mr Yeltsin called for trust between the EU and Russia and welcomed ever closer political and economic integration inside the Union. Russia intended to press for "more and more integration" in the Commonwealth of Independent States, he said.

Berlusconi goes into a minefield with aplomb

By David Gardner

Mr Silvio Berlusconi, Italy's new tycoon premier, took a sure first step on to the European stage yesterday in spite of a modest attempt to trip him.

Arriving at his first EU summit for the pre-meeting signings of an EU agreement with Russia and EU membership treaties with Austria, Sweden, Finland and Norway, he faced an immediate snub.

Mr Theodoros Pangalos, Greece's Socialist European affairs minister, who has played the lead role in his country's six-month presidency of the EU, greeted each of the arriving heads of government with a handshake, but then turned his back on Mr Berlusconi and left it to the Greek head of protocol to bring him in to the meeting.

The Greek presidency denied it had withdrawn the normal greeting and added to the snubs Italian ministers have been getting from some of their colleagues because of Mr Berlusconi's inclusion of neo-fascists in his coalition. In as far as the head of protocol did his duty, the Greeks ate their cake and had it.

But Mr Berlusconi was unfazed, appeared to sleep through most of Russian President Boris Yeltsin's speech, and signed each treaty with a great flourish and overstatement. Then, alone among the 12 leaders, he bounded over to Nordic and Alpine newcomers and shook each by the hand - seizing the photo opportunity of visual endorsement by the squeaky-clean democrats from the north.

He had begun his day at a 1½-hour breakfast with Mr John Major, the British prime minister. The UK, often isolated in EU affairs, is attracted by Rome's new Eurosceptic tone, and anxious to cement an alliance with it. The two agreed to hold an Anglo-Italian summit soon.

British officials said Mr Major and Mr Berlusconi voiced "a fair amount of very similar positions on the way to go" on deregulation, flexible labour markets, and on subsidies

in EU decision-making.

But they refused to comment on whether the Italian premier shared British distaste for Mr Jean-Luc Dehaene, Belgium's federalist prime minister, who leads his fellow Christian Democrat rival, outgoing Dutch prime minister Ruud Lubbers, in the shadowy race to succeed Mr Jacques Delors as European Commission president.

Italian officials were more forthcoming, saying France and Germany, Mr Dehaene's powerful backers, should not be allowed to impose him. The implication was that the 12 leaders might well fail to agree on a successor at a private dinner last night.

But Mr Berlusconi's looking to bargain for a settlement of a long-running row over Italy's flouting of EU limits on milk production, and his determination to hold up the EU budget increase planned for next year unless he gets satisfaction. He also wants EU backing for former Italian trade minister Renato Ruggiero to take over as head of the new World Trade Organization next year.

Anglo-Irish talks, Page 7

Some EU officials believe the Italian may have reached an understanding with Chancellor Helmut Kohl at their recent meeting in exchange for not blocking Mr Dehaene. Yet others think Mr Berlusconi will wait to see who the majority backs, and then join it.

But the Italian brand is only as strong as the way Mr Berlusconi plays it. Counting on support for Mr Dehaene needs a strong feel for bluff, signals and timing. If Mr Berlusconi's early signals let Mr Lubbers suggest plausibly he has Italy and the UK on his side, the Italian leader may become the excuse for a failure to resolve the succession at Corfu.

It usually takes a while to grasp the chemistry of the EU's negotiating and hostage-taking. And it would be an unusual man who got it right first time.

Ukraine N-strategy questioned

By David Gardner

EU efforts to agree on a support framework for the overhaul of Ukraine's energy sector, to make possible the early closure of the Chernobyl nuclear reactors, have been clouded by leaked reports calling into question the strategy and its costs.

The EU's Corfu summit is expected to agree a common position on the Ukrainian nuclear safety question today to take to next month's G7 summit in Naples. No figures for EU aid will be decided, in the hope of extracting maxi-

mum financial pledges from the US and Japan in Naples.

The essential idea is to raise funding sufficient to shut Chernobyl and complete construction of five unfinished Soviet-era reactors to western safety standards.

The EU made clear last week to President Leonid Kravchuk when the 12 signed a wide-ranging partnership agreement with Ukraine in Luxembourg that closure of Chernobyl was of paramount concern to west European governments.

An April report by experts from the European Bank for Reconstruction and Develop-

ment and the World Bank, leaked by Greenpeace, the environmental campaign group, underlines the inadequate safety standards of plant design and operation in Ukraine; the near bankruptcy of the nuclear sector, which constrains upgrading and maintenance, leads to staff shortages, and risks shoddy construction; and the plethora of estimates on the costs of safe nuclear power generation.

Goskomatom, the Ukrainian nuclear authority, provided the EBRD/World Bank team with an estimated cost of \$1.2bn (£790m) to complete five new reactors under construction at Zaporozhe, Rovno and Kremenchuk. A year ago, the EBRD reported to the G7 that the cost of completing just two of these reactors would be \$1.5bn, about half of it in hard currency.

The Ukrainian government has since said that the overhaul of its nuclear sector could cost up to \$16m.

Without western aid, it predicts the likely completion of only one of the five new units - already 95 per cent finished - but only to local safety standards. The fact-finding mission also warns that Ukraine could go ahead with its February decision to re-start next year Chernobyl's second reactor, damaged by fire in 1986. Two reactors are still functioning at Chernobyl, after the destruction of the third reactor in the 1986 disaster.

The EU and its G7 partners, by falling in with Ukraine's nuclear ambitions, on the evidence of the EBRD/World Bank report face a greater challenge than they have acknowledged.

Western nuclear construction companies, moreover, may balk at accepting contracts in the Ukraine because there is no legal regime to protect them from liability in the event of accidents. Under international conventions, such a regime would have to be put in place with the consent of neighbouring countries. "They will not sort this question out in the near term," predicted Mr Anthony Froggett of Greenpeace. "The west is playing with fire."

Kohl plays up the Saxon angle

Chancellor Helmut Kohl has clearly not forgotten last year's remark by Mr Theodore Pangalos, Greece's European affairs minister, that the re-united Germany has "a giant's strength and a child's brain". Both he and Mr Klaus Kinkel, the German foreign minister, managed to arrive too late for the Corfu summit's opening dinner, in honour of Russian President Boris Yeltsin. Greek officials were not convinced by their excuse of being delayed by a last-minute campaign trip to Saxony-Anhalt ahead of Sunday's state elections.

Still, Mr Pangalos demonstrated that six months of chairing EU meetings have done nothing to make him more tactful. Having criticised the neo-fascists in Italy's government, he refused to shake hands with Mr Silvio Berlusconi, the Italian prime minister, in full view of the television cameras yesterday.

□ □ □

One EU leader has the right sense of priorities. Mr Albert Reynolds, the Irish prime minister, arranged to leave yesterday's session of talks early and head for the press centre so he could watch Ireland's World Cup soccer game against Mexico on television. Greek state television, broadcasting the match, arranged a special hook-up with RTE, its Irish counterpart, so Mr Reynolds could listen to an Irish rather than a Greek commentary.

□ □ □

Kept everyone up too late on Wednesday night. Dinner dragged on until 1am, while a cheerful Mr Yeltsin talked and drank toasts to the EU's economic pact with Russia. But he left most of his food untouched, causing consternation among the waiters at the Corfu Palace Hotel, who postponed removing his plate long after the other guests had finished each course.

Mr Yeltsin then bunked down aboard the *Alexandros*, a yacht belonging to Mr John Letts, reportedly the wealthiest Greek shipowner of all, berthed in Corfu harbour and surrounded by a flotilla of Greek warships. Last week, Mr Letts took former US President George Bush and his family for a cruise of the Greek islands on the *Alexandros*. This weekend, he is rumoured to be discussing with Mr Yeltsin a multi-billion-dollar deal for shipping Russian oil to Greece through a pipeline to be constructed through Bulgaria.

□ □ □

However, Mr John Major, UK prime minister, turned down an offer to play in a Saturday cricket match on Corfu between two local clubs. His advisers were quoted as saying it would be "too frivolous". Cricket, a leftover from a period of British rule in the Ionian islands, flourishes on a pitch just outside the palace where the summit is being held.

Mr Major, who played a stylish cover drive before injury in a car accident, will probably regret his decision. He may have to spend much of the afternoon waiting his turn in the queue to leave the island. Because Corfu airport is too small to accommodate all the EU leaders' flights, most of them are parked at a NATO airbase on the Greek mainland. Bickering among member states over the order of departure is causing headaches for the Greek Defence Ministry.

□ □ □

What has respect got to do with success?

FT/Price Waterhouse survey of Europe's most respected companies.

On Monday, June 27 the results of an important new survey, undertaken by the Financial Times in association with Price Waterhouse, will be published in the FT.

It will show which of Europe's leading companies are perceived to be the most customer focused, which are thought to have the best products and people and which are simply the object of general admiration.

It will also give valuable insights into the connection between a company's commercial success and the esteem in which it is held by its competitors and peers in the market place.

It is in fact a survey no self-respecting business should ignore.

Financial Times. Europe's Business Newspaper.



THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nienburger Strasse 3, 6031 Frankfurt am Main, Germany. Telephone +49 69 52 19 88. Fax +49 69 52 50 64 81. Telex 41 61 91. Reproduced in Frankfurter Allgemeine Zeitung by William J. Brinkmann, Colin A. Konrad and G. M. Red and Alan C. Milne, from DVM Daily Verlag and Marketing GmbH, Admiral-Rosenfeld-Strasse 16, 4016 Neu-Isenburg (owner of Hörspiel International). ISSN 0174-2933.
FRANCE
Editorial Office: Paris, France. Limited Number One Southwark Bridge, London SE1 9HJ. UK Shareholders of The Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London; P.T. (Germany) Ltd, London; and L'Expansion SA, Paris. The above mentioned two companies are: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HJ. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
PRINTING Director: D. Good. Tel: 0171 250 6444. Fax: 0171 257 0423. Printer: S.A. Norden, London. Tel: 0171 257 0423. Postmaster: Please send all correspondence to: The Financial Times, 250 Grosvenor Road, London SW1X 8HN. Registered Office: 100 Grosvenor Road, London SW1X 8HN. Postage Paid at New York, NY and at additional mailing offices. ISSN 0174-2933. Commission Agents: No. 100-2725.

DENMARK
Financial Times (Scandinavia) Ltd. Værskegade 42A, DK-1161 Copenhagen. Telephone 33 13 44 41. Fax 33 13 53 53.

Germany and UK press for free markets

By Lionel Barber in Corfu

Germany yesterday joined forces with the UK to press the case for deregulation and flexible labour markets in the European Union.

The UK-German alliance at the Corfu summit received measured support from Mr Silvio Berlusconi, the new Italian prime minister.

Mr Berlusconi called for less law-making from Brussels, though he told Mr John Major, Britain's prime minister, at a breakfast meeting, that he did not support Britain's opt-out of the social chapter of the Maastricht treaty.

EU leaders - joined by their finance ministers - discussed the European economy in their afternoon session against the background of an incipient recovery but no sign of a halt to the rise in unemployment.

Top items were the European Commission's White Paper on employment, growth and competitiveness, including progress on starting major infrastructure projects known trans-European networks, as well as a report on the "new information society" in Europe.

Leaders also discussed the Commission's recommendations on macro-economic guidelines, the framework for the 12 members of the Union to move toward a single European currency, to be joined by Austria, Finland, Sweden, and Norway if they enter the Union as planned next year.

Mr Kenneth Clarke, UK chancellor of the exchequer, praised the macro-economic guidelines, which call for wage restraint, budgetary discipline, and structural reforms of the labour markets to create new jobs and lift burdens on small business.

Mr Clarke supported Germany's request for the establishment of an independent group of businessmen and civil servants to examine whether EU and national legislation is imposing unnecessary

red tape on companies.

Separately, the UK Chancellor made a pitch for faster liberalisation of the European telecommunications industry.

Mr Jacques Delors, president of the Commission, avoided a re-run of last December's clash with finance ministers over funding of the trans-European networks.

He failed them in his bid to win support for greater European Commission borrowing to fund the multi-billion rail and road projects.

However, Mr Delors called for a "firm commitment" to start work on 19 "priority" infrastructure projects.

These include 11 transport projects such as the Channel tunnel link in the UK; a high-speed rail and road link through the Brenner pass linking Italy, Austria and Germany; and an eastern EU high-speed train between Paris and Strasbourg, plus a link joining Munich, Leipzig and Berlin.

In addition, there are eight multi-billion Ecu energy projects including an underwater cable link between eastern and western Denmark; an underwater electricity cable between Italy and Greece; and a natural gas line between Spain and Portugal, with energy supplied from Algeria.

Aides to Mr Delors said the Commission president was most anxious to start work on the trans-European networks. If so-called "financing gap" materialised, then the Commission would be in a strong position to lobby for extra borrowing powers.

British officials called for an in-depth analysis of the 19 projects.

There was no obvious shortage of capital for the networks, given the lead role of the European Investment Bank, private capital and the newly established European Investment Fund.

"If there are obstacles, they are of an administrative, legislative or planning nature," said one UK official.

Kohl surges ahead of German election rival

By Quentin Peel in Bonn

Chancellor Helmut Kohl's Christian Democratic Union (CDU) has moved four points clear of its election rival, Mr Rudolf Schäping's Social Democratic Party (SPD), in the latest German opinion poll, for the first time in three years.

The two percentage point gain for the CDU and its Christian sister party, the Christian Social Union (CSU), comes just four months before the general election in October, and confirms the trend in the recent European elections.

At the same time, two polls showed a growing lead for Mr Kohl in the personal popularity stakes, reversing the consistent trend of recent months.

However, the latest forecasts

do not show any clear majority for either a left-wing or right-wing coalition in the general election, due on October 16, leaving the final outcome still very much in doubt.

The results of the Politbarometer poll, published last night by ZDF television, give Mr Kohl's CDU/CSU 40 per cent support if there were national elections tomorrow, compared with 36 per cent - down three points - for the SPD.

The very sharp reversal undoubtedly reflects voters' perceptions after the European poll on June 12, but does not include any response to this week's SPD party conference, which could see some recovery in the party's fortunes.

However, it augurs badly for the SPD's hopes of winning the

most seats in tomorrow's election in the eastern state of Saxony-Anhalt, where the party hopes to win power from the CDU.

As far as personal popularity is concerned, both Politbarometer, and a separate poll by the Forsa institute in the weekly newspaper, Die Woche, put Mr Kohl well in front of Mr Schäping. The former gives the chancellor 48 per cent support, compared to 41 per cent for his challenger, reversing the 40.51 per cent in May.

Die Woche's poll gives Mr Kohl 42 per cent and Mr Schäping only 26 per cent, in response to the question: "Whom would you elect directly as chancellor?"

Party loses footing, Page 9

Exports pick up as inflation fall continues

By Christopher Parkes

in Frankfurt

West German inflation is continuing its slow decline as industrial output and exports pick up speed, according to official figures published yesterday.

Consumer prices in the most populous state, North Rhine-Westphalia, rose at an annual rate of 2.8 per cent in the month to mid-June, compared with 2.9 per cent in May. The month-on-month rate of 0.2 per cent has been unchanged since June.

Similar trends were also reported in Baden-Württemberg and Hesse, with year-on-year increases of 3.1 per cent and with monthly rises of 0.3 per cent and 0.2 per cent respectively.

The sluggish trend is widely expected to remain broadly

unchanged until September or October, when the annual inflation rate is expected to dip towards 2.5 per cent.

Economists said yesterday's preliminary figures supported their forecast of an overall annual rate for June of 2.9 per cent, compared with 3 per cent in May.

Consumer prices in the most populous state, North Rhine-Westphalia, rose at an annual rate of 2.8 per cent in the month to mid-June, compared with 2.9 per cent in May. The month-on-month rate of 0.2 per cent has been unchanged since June.

Similar trends were also reported in Baden-Württemberg and Hesse, with year-on-year increases of 3.1 per cent and with monthly rises of 0.3 per cent and 0.2 per cent respectively.

New car orders in May were also higher than in 1993, while demand for commercial

vehicles was starting to recover, the VDA said. Production of trucks up to six tonnes during the month was 9 per cent higher than a year earlier, although output for the first five months was still down 1 per cent.

The improvements were reflected in an 18 per cent increase in rolled steel production during the month.

Although pan-German total visible exports and imports fell 9.4 per cent and 10.5 per cent respectively during April, the statistics office noted there were four fewer working days than in March.

On an annual comparison, exports rose 8.6 per cent and imports were 1.2 per cent lower.

The trade balance surplus of DM6bn (£2.43bn), unchanged on the month, was well up on the DM1.2bn recorded in April 1993.

Imports are expected to remain weak as domestic demand remains constrained by lower disposable incomes but foreign orders for German goods are still increasing sharply.

Power and coal sales postponed

By Judy Dempsey in Berlin

The Treuhand privatisation agency yesterday postponed completing one of its most ambitious sales of eastern Germany's electricity network and of the last of the large brown coal, or lignite, fields.

Following a Treuhand board meeting, the agency said the planned sale of Veag, east Germany's electricity network, and Laubag, the giant lignite fields, might be completed "next week."

The Treuhand did not explain the delay.

Veag is to be sold to a west German utility consortium led by RWE Energie. Laubag, which will supply Veag with its brown coal, will be acquired by a consortium led by Rheinbraun, the 100 per cent brown coal subsidiary of RWE.

The delay in completing the deal, despite pressure from Chancellor Helmut Kohl, is thought to arise from the buyers' anxiety about prospects for energy consumption in eastern Germany.

Energy analysts yesterday suggested, however, that part of the investment programme might be cancelled, which would reduce brown coal sales to Veag and thus affect the sale price of Veag.

The two consortiums are increasingly concerned about a shift by east German domestic and industrial customers to gas, and about the pressure on electricity to compete with gas prices. For the moment, gas prices are significantly lower than electricity prices.

These factors have repeatedly affected the complex privatisation negotiations for Veag and Laubag because their sales are tied to a comprehensive investment programme of DM41bn (£18.6bn) over 10 years.

But any return on those investments depends on a stable customer base.

Part of the investment timetable entails the construction of two 300MW power stations at Lippendorf in the eastern state of Saxony-Anhalt.

Energy analysts yesterday suggested, however, that part of the investment programme might be cancelled, which would reduce brown coal sales to Veag and thus affect the sale price of Veag.

Russian budget given go-ahead

By John Lloyd in Moscow

The Russian budget for 1994 passed both houses of parliament yesterday - with leading members of parliament openly derisive of its feasibility and government officials admitting revenue was dropping and would drop further.

Deputies in both houses appear to have agreed to pass the budget to give the government a legislative base for spending - and to avoid being bogged down in exhaustive debates on the 500 amendments proposed. Mr Nikolai Gorchakov, chairman of the budget committee in the upper house, said the budget's targets could not be met but some budget was better than none.

Mr Yegor Gaidar, leader of the main liberal party, Russia's Choice, told the Interfax news agency that the spending and revenue estimates were "totally unrealistic" - though his faction voted it through.

Mr Sergei Aleksashenko, deputy finance minister, said tax revenue was more than Rbs1.000bn (£2.8bn) down in the first part of the year and would drop further in the second - though other estimates put the shortfall much higher.

Military expenditure, the focus of the biggest struggle

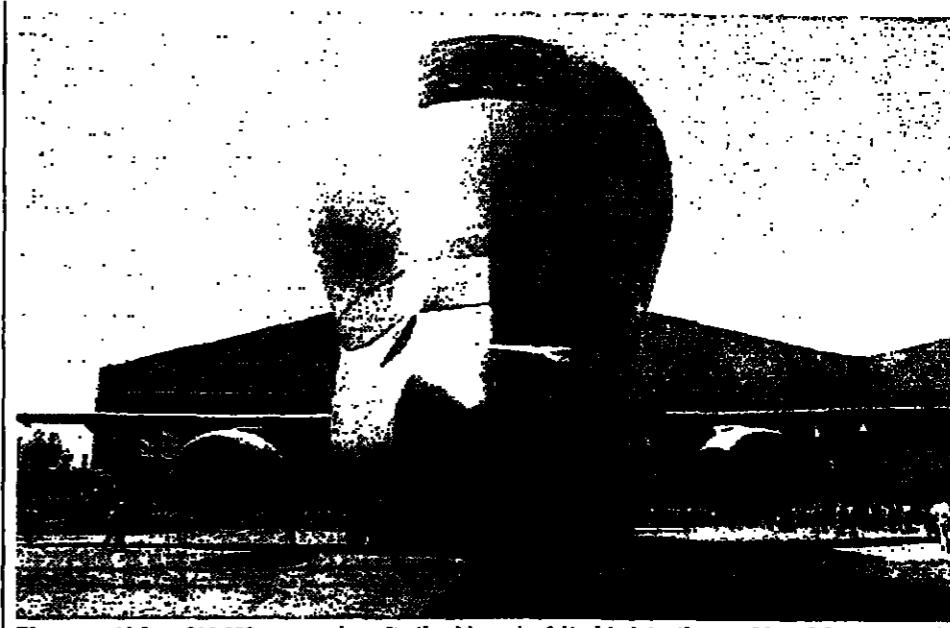
for increases, has been set at Rbs4,000bn - up by Rbs2,500bn from the original figure but well below the Rbs5,000bn the military say is essential to maintain basic effectiveness.

Figures produced by the government show that the Rbs40,000bn would include Rbs2,100bn for basic military financing, Rbs3,500bn for arms purchases, Rbs4,800bn for capital construction, Rbs2,500bn for scientific research and testing, and Rbs1,900bn for pensions.

Anti-corruption crusader Alexander Lukashenko scored an upset victory over the prime minister in the first round of presidential elections in Belarus, sending shock waves through the former Soviet republic, Reuter reports from Minsk.

Unofficial returns gave 45.1 per cent of Thursday's vote to Mr Lukashenko, who drew big crowds with speeches pledging to drive bribe-takers from office. Fifty per cent was needed for first-round victory.

Prime Minister Vyacheslav Kebich, who focused his campaign on a monetary union with Russia, was in second place with 17.4 per cent. The two leaders face a run-off poll in two weeks.



The new Airbus 300-600 cargo aircraft, the biggest of its kind in the world and known as the Super-Goupi, emerges from its hangar at Toulouse in France. It is due to fly in September Picture AP

Minister quits in Portugal

By Jimmy Burns in London, Peter Wise in Lisbon and Emma Tucker in Brussels

Portugal's junior minister for

employment and training, Mr

António Pinto Cardoso, has

resigned after the attorney-

general's office began an inves-

tigation into allegations of his

involvement in the suspected

misuse of European Social

Fund money.

The minister's resignation is

an embarrassment for the cen-

tre-right government of Mr

Aníbal Cavaco Silva, which

prides itself on a reasonably

honest record in using EU

funds. It will also fuel contro-

versy over alleged corruption in

the use of social fund money.

Mr Pinto Cardoso said in a

statement that he had not been

accused of any wrong-doing

but was resigning to protect

the good name of the govern-

ment and to help investigators

discover the truth.

A Portuguese newspaper said

yesterday officials were

investigating a £126m

(€504,000) subsidy awarded by

the employment ministry for

the launch of a magazine pub-

licising ESF-funded training

courses. The report alleged

that the subsidy was made

Deadline for labour in Italy

from Portuguese government

and ESF funds, with Mr Pinto

Cardoso's knowledge but with

out approval by the European

Commission.

The attorney-general, Mr

José Cunha Rodrigues, and the

head of Portugal's judiciary

police, Mr Mário Mendes, on

Thursday briefed a parlemen-

tary commission on the pro-

gress of investigations into sev-

eral cases of alleged misuse of

ESF funds.

Mr Cunha Rodrigues said

afterwards that he expected

several important cases to

come to court by the end of

1994. Officials are investigat-

ing more than 400 cases of

alleged misuse of ESF funds.

So far, only 21 have reached

the courts. Investigators com-

plain of a lack of resources.

Controversy over spending of

ESF funds for training has

been simmering for several

years. Allegations of misuse of

funds were the subject of an

inconclusive parliamentary

inquiry in

NEWS: INTERNATIONAL

Beijing and London near HK airport accord

By Simon Holberton in Hong Kong

An extraordinary week of Sino-British negotiations over Hong Kong's future was capped yesterday when leaders of the British and Chinese teams instructed subordinates to prepare a draft agreement on the financing of the colony's multi-billion dollar airport.

The UK and China have been arguing about how to finance the HK\$15bn (£13.3bn) project for the past two years. Yesterday's comments amounted to the most positive

sign to date that an agreement is in the offing.

The intensive negotiations come ahead of the Hong Kong's Legislative Council's vote next Wednesday on Governor Chris Patten's democracy legislation.

Mr Hugh Davies, Britain's senior representative to the Joint Liaison Group (JLG), which oversees the transfer of sovereignty, said he hoped an agreement could be reached by Thursday or earlier. On Friday the Hong Kong government plans to ask the Legislative Council

(LegCo) for HK\$15bn to start work on construction of the airport terminal and runway.

Mr Guo Fengmin, his Chinese counterpart, said the two had decided to entrust to experts the writing of "a draft agreement of the important points for representatives of the two sides to sign, making an agreement between the two sides."

There was optimism in the UK camp that the two would reach an agreement. "I think we will get there in the end," an official said, "but we have gone into drafting and this

takes time." The UK wants as detailed a statement as possible, while China prefers to keep it general, and officials concede that that provides plenty of room for cavilling. In particular, the UK wants a deal which bankers will lend against and this will require "clear evidence of China's support" for the project.

The airport and its connecting railway will cost about HK\$8.8bn, HK\$2.2bn of which has to be borrowed in international markets.

To satisfy China's concerns the agreement is also likely to contain a

limitation on the aggregate borrowings of the corporations building the airport and its railway as well as enhanced oversight of the project's cost effectiveness.

No one is sure how long the drafting of the agreement will take although some officials suggested it could take longer than usual.

Drafting of the airport agreement is proceeding in parallel with attempts to bridge the gap dividing the UK and China on the issue of military land in Hong Kong. In a surprise move on Thursday the JLG

was suspended to allow experts to thrash out details of an agreement.

The UK has already conceded that the People's Liberation Army will be stationed in Hong Kong's business district and has agreed to build the Chinese navy's new port on Stonecutters Island in Victoria harbour.

The Hong Kong government will pay for work - estimated at HK\$3.5bn - done on these facilities before 1997. But because the UK is unable to guarantee that LegCo will approve this sum, China has asked London to underwrite the work.

California to vote on illegal immigrants

By Jeremy Kahn

in Washington

Illegal immigrants in California will be denied public education, healthcare and other social programmes if the state passes an initiative which won enough signatures this week to be placed on the ballot in November.

The vote could serve as a bellwether in other states, such as Florida and New York, which also have a large number of illegal aliens.

California state officials confirmed that backers of the proposal - dubbed the "Save Our State" initiative - collected the more than 500,000 signatures necessary to put the issue to a state-wide vote this autumn.

The vote is shaping up to be a divisive political issue. Mr Pete Wilson, California's incumbent Republican governor, running for re-election but behind in the polls, endorsed the initiative last week.

Mr Wilson's Democrat opponent, Ms Kathleen Brown, opposes the proposal, as do a number of prominent civil rights and Latino groups.

These critics have labelled the initiative discriminatory and racist as it primarily targets Hispanic and Asian minorities. They have promised to challenge the proposal on constitutional grounds if it passes.

Backers count among their ranks several current and former immigration officials, including Mr Alan Nelson, who ran the US Immigration and Naturalisation Service under the Reagan administration.

Proponents say California's public education, housing, health and social programmes are already stretched as illegal aliens are entering the state at a rate of 2,000 a week. The initiative would ease pressure on California's budget.

It would also require police, teachers and healthcare workers to report suspected illegal immigrants to federal authorities.



Japanese trade surplus 'key to currency flux'

By Gerard Baker in Tokyo

Economic fundamentals are the most important factor for exchange rate levels and will have to be addressed if the rise in the yen is to be halted, Mr Yasushi Mieno, governor of the Bank of Japan, said yesterday.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.

Confusion over his remarks sent the dollar tumbling towards the Y100 level early yesterday in Tokyo before European and US markets opened. The governor's remarks were interpreted by currency traders as casting doubt on the effectiveness of central bank intervention to halt the yen's rise, and an admission that the bank's action to support the dollar had failed.

Later, however, a Bank of Japan official said the markets had misinterpreted the governor's remarks. Mr Mieno had said intervention was effective in stemming the dollar's fall

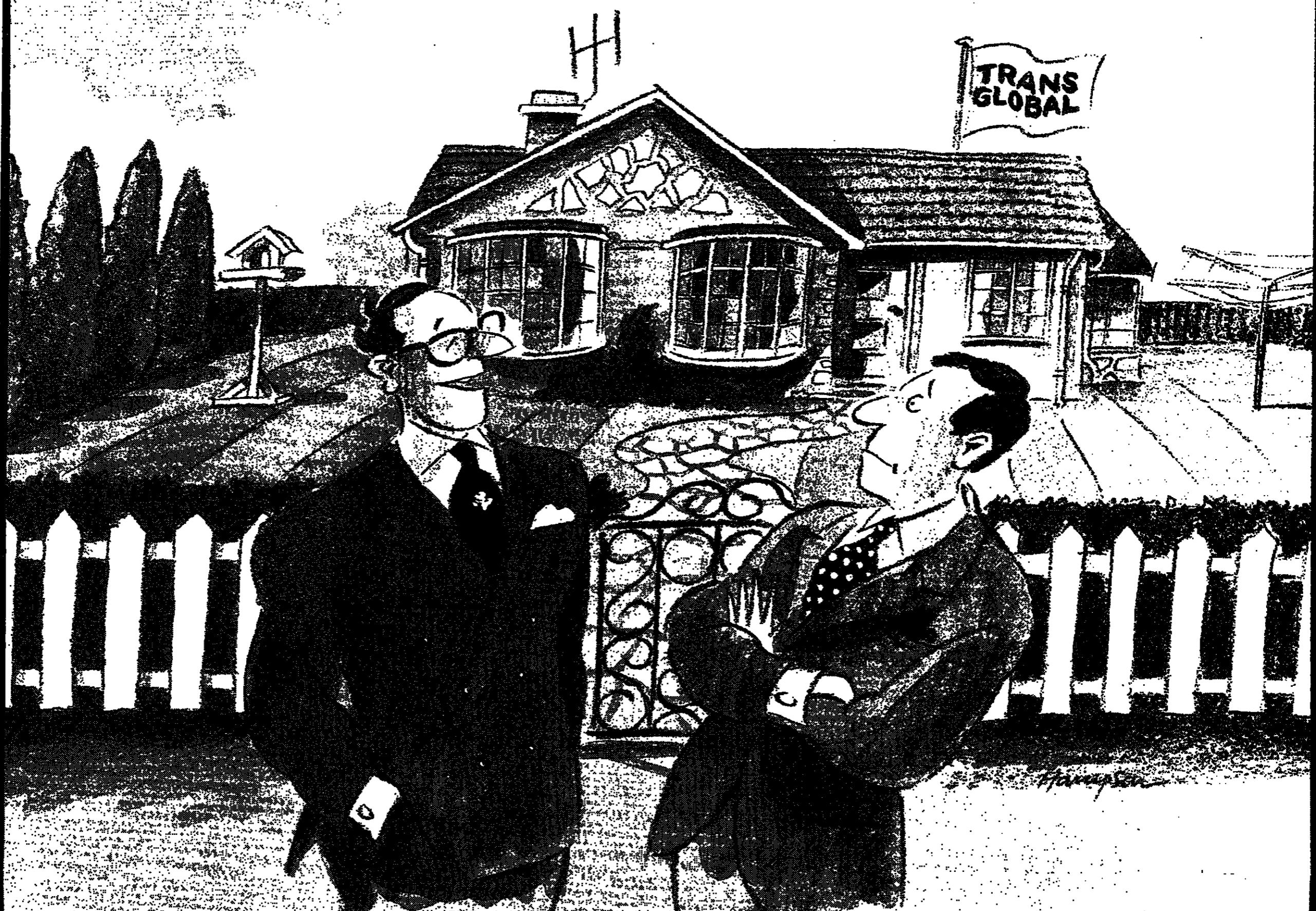
but it could not guide currencies to precise levels.

In his speech, the governor said there were some benefits from the rising yen - it would help promote industrial restructuring as companies were confronted by the need to become more internationally competitive.

He again expressed optimism about prospects for economic recovery, citing recent sharp increases in exports and personal spending. But he warned that corporate investment would remain sluggish as companies continued to adjust to over-accumulation of capital in the late 1980s.

Market intervention alone could not guide exchange rates to desired levels, he added.

At a speech at the National Press Club, Mr Mieno said Japan's huge trade surplus often surfaced as a key factor behind the yen's rise and measures to correct it were "the most important" in dealing with currency problems.</p



*"Well, we couldn't get the planning permission
for quite the headquarters building we envisaged."*

Should've talked to CNT.

Most of CNT's land already has outline planning permission. In the new towns where our land lies, good design practice was the norm from day one, creating an environment with good communications, amenities and infrastructure.

And providing a landscape in which beautiful and often startling buildings naturally fit.

We have government authority to provide detailed planning approval and our relationship with local planners means we'll try to find ways to help you achieve your dream building.

Or if you want to re-locate even faster, we own all kinds of stylish premises for sale or rent - from small units to landmark

buildings perfect for corporate headquarters.

So don't compromise. No matter what stage of relocation you're at, give us a call, we could help - and our services are free.

Fill in the coupon and send to CNT, Box 925, Milton Keynes MK9 3PF
FT/C25B

Name: _____

Company: _____

Address: _____

Postcode: _____ Tel. No.: _____

Call
0800
721 721
freefax
0800
221 177



Land and premises with added value.



Basildon Bracknell Central Lancashire Corby Crawley Harlow Hatfield Hemel Hempstead Milton Keynes Northampton
Peterborough Redditch Runcorn Skelmersdale Stevenage Telford Warrington Washington Welwyn Garden City

10,000 ACRES 2.25 M SQ.FT.

Hanson writes to Major on dividends

By Roland Rudd

Lord Hanson, chairman of the Anglo-US conglomerate Hanson, has urged the prime minister in a letter to keep a firm hand on the Treasury's review of dividend taxation. Hanson donated £100,000 to the Conservative party in its last financial year, which ended in September 1993.

He expresses relief in the letter that Mr John Major appears to be taking charge of the study into savings and investment. Lord Hanson recently

accused Mr Stephen Dorrell, Treasury financial secretary, in a letter of "sound like a socialist" in questioning the wisdom of high dividends.

He insisted that the issue of dividends was one for shareholders and their companies alone, and not the government.

Lord Hanson's latest letter has irritated some ministers who support the Treasury's review of savings. "In urging the prime minister, as First Lord of the Treasury, to take charge of the review, Lord Hanson is

interfering in government policy," a minister said. "The Treasury has a good point over dividends and the prime minister will not be put off by Lord Hanson."

Lord Hanson has been encouraged by Mr Major's recent interview in The Daily Telegraph in which he said there was no question of dividend control from a Conservative government. "Dividend control is socialism," the prime minister said. "I'm a Tory, dividend control is a non-starter."

Mr Major appeared to restrict the

Treasury's room for manoeuvre by dismissing the argument that high dividends prevent capital investment.

Hanson is one of the Conservative party's biggest company contributors and has donated more than £800,000 since the Tories came to power in 1979; said it was only being supportive of the prime minister.

Mr Christopher Collins, a director of Hanson, said: "Having seen the prime minister's interview, Lord Hanson wrote a private and friendly letter to say how pleased he was with the

line he took in the dividend issue."

The Treasury angered Lord Hanson by suggesting that UK dividend payouts, which have risen significantly during the past decade, may have become too high and inflexible.

Mr Dorrell said the Treasury decided to review savings and investment to see whether the rise in dividends had come about because of the tax structure set by the government. "After 15 years of deregulation, there's no question of us regulating dividends," Mr Dorrell said.

Ministers demand early reshuffle

By Kevin Brown and David Owen

The prime minister faces growing pressure from senior ministers to bring his planned cabinet reshuffle forward to next week.

Mr Major is believed to favour postponing the reshuffle until mid-July to minimise the scope for Commons statements by dismissed ministers before the House rises for the summer recess.

However, ministers say that departmental decisionmaking has been virtually paralysed by uncertainty about the scope and extent of the reshuffle since Mr Major disclosed his intentions at a Downing Street press conference two weeks ago. As reshuffle fever spread at Westminster, MPs pointed to the careful wording of Mr Major's comments - which explicitly ruled out only the following two weeks - as evidence of an impending announcement.

Downing Street officials added to the growing expectations by refusing to rule out a reshuffle next week. However, a senior official was careful to keep open the option of a later date.

There was renewed speculation that Mr Michael Heseltine, the trade and industry secretary, will replace Sir Norman Fowler as Conservative party chairman. Mr Heseltine has made clear that he wants to remain at the trade and industry department, which he believes he suffered from too many changes of senior ministers.

However, he attended a secret meeting of the rightwing No Turning Back group on Thursday at which he is believed to have been pressed to accept the chairmanship in the party interest.

Such an appointment would be popular with rank-and-file MPs, who believe that Mr Heseltine is one of the few cabinet ministers with the political clout to dent the image of Mr Tony Blair, the likely winner of Labour's leadership election.

The government's fear of Mr Blair was underlined by a concerted attack on the shadow home secretary by a raft of cabinet ministers including Mr David Hunt, employment secretary, and Mr John Redwood, Welsh secretary.

Mr Redwood, in an acidic statement distributed at Westminster, said Mr Blair was a "snappy dresser" whose personal manifesto issued on Thursday mixed "the bland and the obvious with the ambiguous".



Edinburgh's Festival Theatre, which opens today with a gala performance after nearly 50 years of campaigning for an opera house in the city. Photograph: The Scotsman

Opera house sounds note of change

A number of building developments are about to boost Edinburgh's economy, James Buxton writes

When the curtain rises this afternoon on a gala performance of *Tristan und Isolde* at the new Festival Theatre in Edinburgh, the event will have more than theatrical significance.

Nearly half a century after people first began to campaign for it, Edinburgh has finally created an opera house. But its opening is only the most spectacular of a number of developments which will strengthen the city's economy and demonstrate that it has finally shaken off the complacency and self-deprecation that previously obstructed progress.

"There's been a huge change of mood," says Mr David Nicolson, president of the city's chamber of commerce and local managing partner of KPMG Peat Marwick, the accountants. "I've lived here all my life, and what's happening is dramatic."

As well as the new theatre, Edinburgh will next year finish

a long-postponed project to build a £30m conference centre that will seat 1,200 people. This summer a £37m scheme to rebuild and expand Murrayfield rugby stadium will be concluded, largely financed by debtors sold to rugby supporters.

Much of the financial community has moved or is moving into larger new office buildings, filling long-standing gaps sites near the city centre - but unfortunately leaving the Georgian Charlotte Square half empty. Some are moving from the centre to the city's western fringe, and much of the Scottish Office is moving to former dockland in Leith.

The change in attitude began cautiously in the mid-1980s, with a crucial role being played by Edinburgh District Council, which came under the control of a group of Labour party pragmatists.

It reversed past opposition to fostering the financial sector, Edinburgh's biggest employer, began issuing planning consents more freely and organised schemes to develop its own considerable land holdings in the city.

Mr Nicolson believes a pivotal role in speeding the city's development has been played by Lothian and Edinburgh Enterprise (LEEL), the local enterprise company formed in 1991 after the break-up of the Scottish Development Agency.

LEEL marshalled the energies of Edinburgh district and Lothian regional councils and applied funds from its substantial budget to push through the difficult projects. "The most

important thing was that LEEL decided that the Festival Theatre and the conference centre were going to happen," says Mr Nicolson. "For years people had always found reasons for not doing them."

LEEL has led the Festival Theatre project, encouraging the district council to purchase the defunct Empire Theatre.

This has been converted, at a cost of £22m, into a modern opera house that would have cost £50m to build from scratch and has a stage bigger than Covent Garden's in London.

Other money came from LEEL, public-sector bodies including Lothian region and the Scottish Tourist Board, while the private sector has raised £4m.

Will the theatre succeed, and has Edinburgh really changed?

Lord Younger, former defence secretary and chairman of the Festival Theatre Trust, betrays a slight anxiety when he says: "I'll be fully convinced only when I see Edinburgh people turning out for a performance on a cold mid-week February night."

Another £2m is needed from private-sector businesses and individual donors - the latter have already contributed more than £700,000. "The list of donors is impressive," says Mr Nicolson. "But if you examine it closely you will see gaps."

While leading Edinburgh businesses such as Royal Bank of Scotland, Bank of Scotland and United Distillers are large contributors, only three of the five Edinburgh-based life assurance companies feature in the list. "I can't understand why some companies are not more supportive when they see the benefits these projects are bringing to the city," says Mr Nicolson.

Sale paves way for out-of-town retail site

By Vanessa Houlder, Property Correspondent

Bluemwater Park, a 1,625m sq ft shopping and leisure development at Dartford in Kent, is set to proceed as a result of the sale of the development site to Lend Lease, an Australian property company.

The scheme, which is expected to carry a value of £500m-£600m on completion, is likely to be the last of the giant regional shopping schemes to be built following the government's crackdown on planning permission for out-of-town developments. The conditional

sale of the site by Blue Circle Industries to Lend Lease ends years of speculation about the project's viability. Work is expected to begin later this year or early in 1995.

Lend Lease, which operates 80 shopping centres in the US and Australia and has \$2bn of funds under management, is confident it can put together a

consortium of investors to fund the scheme's £300m construction costs. The Prudential, the life assured, said yesterday that it was "seriously considering" investing about £100m in the scheme.

Bluemwater Park will be in head-on competition with one of the UK's largest existing shopping centres at Thurrock,

for the corresponding period in 1993. It is the third successive quarterly increase in planning applications, government figures show.

There were small quarterly increases in applications in all regions except the north-west, where there was a 5 per cent fall. The largest increase - 10 per cent - was in Greater London.

The government's decision to restrict out-of-town developments in order to protect town centres has made it easier for the Bluemwater scheme to attract investors because the policy is likely to add value to schemes that have already won planning permission.

The decision by Blue Circle to sell its 250-acre site for £50m marks a decision that property is not part of its core business. The company, which has 20,000 acres of land surplus to its needs, will make a pre-tax profit of somewhere between £24m and £29m from the development over several years.

£667m current account deficit surprises City

By Philip Coggan, Economic Correspondent

travel, which amounted to £28m in the first quarter.

Analysts welcomed the current account figures, which were much better than expected, but expressed caution about the quality of the data.

The likelihood must be that future revisions will be adverse," said Mr Ian Shephard, UK economist at Midland Global Markets.

Nevertheless, there is a huge cushion even if revisions are big.

According to the CSO, the UK's balance sheet improved substantially over the quarter.

Net external assets were £63.1bn at the end of March, compared with £22.7bn at the end of December.

The figures also show that UK banks and their institutions made substantial disposals of overseas securities in the first quarter, perhaps in response to the falls in world bond and equity markets.

Banks, having bought £12.7bn of overseas securities in the fourth quarter of last year, sold £2.7bn in this year's first quarter. Other financial institutions sold £60.8bn of overseas securities in the first quarter, compared with net purchases of £26.4bn in the last three months of 1993.

Meanwhile, overseas residents continued to buy gilt and UK shares, to the tune of £13.8bn in the first quarter, compared with £11.2bn in the final three months of 1993.

Rising incomes bolster savings

By Philip Coggan

year than was previously thought.

Corporate finances were healthy over the quarter. The financial surplus of industrial and commercial companies, at £4.2bn, was the highest ever recorded. Gross trading profits, before deducting stock appreciation, were 2.5 per cent higher over the quarter and 15.4 per cent higher than in the same period of 1993.

At the start of the year many economists thought that because of tax rises the recovery would only be sustained if consumers cut their savings in order to finance spending.

However, the savings ratio - savings as a proportion of total personal disposable income - rose slightly to 10.4 per cent in the first quarter, from a revised 10.3 per cent in the fourth quarter of last year.

Income from employment rose by 2.1 per cent over the quarter, helped by bonuses and overtime payments which have been visible in the average earnings figures. After deducting taxes, the result was that total personal disposable income was 1.5 per cent higher than in the previous quarter.

That allowed consumer expenditure to rise 1.4 per cent over the quarter.

Overall, gross domestic product rose by 0.7 per cent over the quarter (or 0.6 per cent if oil and gas are excluded), confirming earlier estimates. However, first-quarter GDP is now estimated to be 2.9 per cent higher than in the first three months of last year, compared with the 2.6 per cent published.

The change is due to revisions in the 1993 data, which show that growth was slightly faster in the second half of the first three months of 1993.

The improvement in the trade balance added about 0.4 per cent to first-quarter GDP, although this was offset by the effect of destocking.

Fund for job-loss claims rejected

By John Authers

by the government decision. The European Court said local authorities it would not set up a compensation scheme for former council employees who lost their jobs under contracting out.

The European Court of Justice ruled this month that these redundancies may have violated European Commission directives.

Councils fear a compensation bill of as much as £400m, with potentially high legal costs. They were outraged

that the government's decision to restrict out-of-town developments in order to protect town centres has made it easier for the Bluemwater scheme to attract investors because the policy is likely to add value to schemes that have already won planning permission.

The decision by Blue Circle to sell its 250-acre site for £50m marks a decision that property is not part of its core business.

It confirmed the right of former local authority employees who had been made redundant to sue for compensation, as the UK had not extended the Transfer of Undertakings (Protection of Employment) regulations - known as Tupe - to the

public sector. Tupe dictates that existing workforces must be transferred on existing pay and conditions when a business is taken over.

Mr Tony Baldry, environment minister, said in a letter to Sir Jeremy Beecham, chairman of the Labour-controlled Association of Metropolitan Authorities: "There is no question of the government setting up a compensation scheme."

He said the only practical implication of the court's judgment related to the "narrow point" on staff consultation. He

added: "It is, of course, open to anyone who believes that they have a case for compensation to pursue this through the legal processes, and indeed a number of writs have been served against the government."

Sir Jeremy, who had demanded that the government set up a compensation fund, said: "The government has consistently tried to undermine the impact of European legislation and is now trying to avoid its responsibility to the workers who have lost out."

EU agrees plan to aid Merseyside

By Ian Hamilton Fazey, Northern Correspondent

£1.2bn is expected to attract more from the private sector.

Although details still have to be approved by the European Commission next month, the government yesterday published guidelines on the type of projects that might be funded, with details of how applications should be made.

The plan will be the basis for spending nearly £530m of EU funds resulting from Merseyside's Objective 1 status, which was granted last year. UK public-sector sources will match the sum. The combined

• In the big-company sector projects will relate to preparing and servicing sites for companies and inward investors. Infrastructure spending will also be provided.

• Small and medium-size enterprises will be encouraged to grow, with EU money helping to fund training, services and advice through training and enterprise councils and Business Links. There will be a Merseyside Special Investment Fund, set up by the clearing banks but with EU money used to subsidise interest rates for business loans.

• Knowledge-based industries will be encouraged, with special attention to technology transfer between Merseyside's two universities and industry. One idea is a graduate retention programme with local industry, to keep more qualified people in the area.

• The arts, cultural and tourism sectors will be encouraged.

• Initiatives will concentrate on training and systematic development of human resources. Inner-city and social-problem areas, such as outer estates with high unemployment, will be targeted.

DISCOVER A NEW

WILBUR SMITH

Grand mythic material... the set pieces are fabulous in the true sense, and the wider narrative careers along as swimmingly as Isis herself.

CHARTER plc

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

Notice is hereby given that the annual report and accounts of Charter plc, together with the auditor's report thereon for the year to 31st March 1994, may be obtained from Barclays Registrars, Bonne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Subject to approval by shareholders at the annual general meeting on 27th July, 1994, a final dividend of 15.5p per share will be payable on or after 8th August, 1994 to persons presenting Coupon No. 2 enclosed from share warrants to bearer. Coupons which must be left four clear days for cancellation, may be lodged any weekday (Saturday excepted) between 10 am and 3 pm at the Stock Exchange Services Department of Barclays Bank PLC, 168 Fenchurch Street, London, EC3P 3EP, or at Credit Lyonnaise, Centre de Valence, 1024 Chemin du Thon, 26000, Valence, France.

25th June, 1994

DO YOU WANT TO KNOW A SECRET?

The L.D.S. Gann Seminar will show you how the market REALLY works. The amazing trading techniques of the legendary W.D. Gann can increase your profits and certain your losses. How? That's the secret. Ring 081 474 0060 to book your FREE place.

Currency or Bond Fax - FREE 2 week trial
also daily gold and silver fax.
1 Anne Whitney
100 Fenchurch Street, London EC3P 3EP
Fax: 011 345 2004

DISCOVER A NEW RIVER GOD

OUT NOW IN CAN PAPER

667m current account deficit
Enterprise City

Limits on amount of compensation to investors were illegal **Ruling to benefit elderly**

By Bethan Hutton

Elderly victims of poor financial advice which saddled them with enormous debts are entitled to more compensation, the Court of Appeal ruled yesterday.

The court ruled that the Investors Compensation Scheme was wrong in using its discretion to limit compensation to investors in home income plans. It may have to pay an extra £20m in addition to the £22.5m compensation it has already paid to more than 1,800 investors.

The ICS is expected to appeal to the House of Lords. It said yesterday the ruling would force it to change from a low-cost, fast, informal compensation scheme to a lengthy and

highly legalistic one, where legal precedents would have to be set for each new type of case and claimants might need legal representation.

"While today's group of investors will benefit, we think ultimately investors will suffer," said Mr David Creswell of the ICS.

Those affected by the appeal ruling are unlikely to receive additional compensation until all legal channels have been exhausted.

Home income plans were widely sold during the housing boom of the late 1980s. They enabled householders, often elderly, to mortgage their homes and invest the proceeds in income bonds, which were supposed to pay the interest on the mortgage and provide an

additional income. Some plans used roll-up mortgages, which added the interest to the total debt.

A combination of falling house prices, rising interest rates and declining investment returns left many investors, who had not been warned of the risks, with huge debts and no means to pay the interest. Some have lost their homes.

Many of the financial advisers who sold the plans are no longer in business, so investors turned to the ICS for compensation.

Yesterday's ruling was on an appeal brought by lawyers Barnett Sampson, on behalf of two representative investors. It covered three main points:

• Whether the ICS had discre-

tion to reduce compensation to what it considered fair.

• Whether the ICS could deduct from the compensation any money received from the plan and spent by the plaintiffs.

• Whether the ICS could lawfully limit compensation for solicitors' and accountants' fees to £500.

The Court of Appeal ruled against the ICS on all three points.

The judgment's wider implications are that it requires the ICS to take all relevant factors into account for each case, in the same way that a court would. The ICS would no longer have discretion to set a formula for compensation, or set limits other than its standard overall limit of £48,000.

Heseltine ready for postal sell-off

Mr Michael Heseltine, trade and industry secretary, has resolved his differences with the prime minister over the drafting of the green paper on the future of the Post Office, now expected to be published next week, Roland Rudd writes.

Mr John Major rejected the first draft, believing Mr Heseltine had not given sufficient weight to the option of leaving the Post Office completely in the public domain.

However, the Department of Trade and Industry believes it preferred option of selling 51 per cent of shares in Royal Mail and Parcelforce is still given prominence over the other two options.

These are to make the Post Office more commercialised within the public sector or to sell 49 per cent of the shares in Royal Mail and Parcelforce.

Mr Heseltine wants 10 per cent of the shares reserved for the workforce, the maximum number allowed under stock exchange rules.

Unofficial mail dispute spreads

Postal services may be disrupted in many areas today after an unofficial strike by postal workers which escalated from a local dispute over staffing.

Mount Pleasant, the biggest sorting office in London, was hit by the walkout, as were offices in Romford, Dagenham and Ilford, in Essex, Dunsdale and Bedford - and Milton Keynes, where the dispute began earlier this week.

The Royal Mail said yesterday that it may take proceedings against the UCW communications union following an injunction against it requiring it not to take industrial action.

Firefighter strike vote overwhelming

Firefighters on Merseyside yesterday voted overwhelmingly to strike in a dispute over new conditions and allowances.

In a ballot the 1,500 firefighters - already on 99.9 per cent only - voted 84.1 per cent in favour of a series of one-hour all-out strikes.

Mr Ken Cameron, the Fire Brigade Union general secretary, hopes to address the annual meeting of the Fire Authority on Monday to avert the action.

Football club gets seating extension

Newcastle United will be the only English Premier League club where some fans will stand on terraces next season.

Mr Peter Brooke, national heritage secretary, said yesterday that he had given a year's extension to Newcastle United after it "presented a sufficiently exceptional case".

But he confirmed his earlier decision not to grant extra time to Barnsley, Chelsea, Manchester City, Oldham or Swindon.

All premier league and first division clubs were given until this summer to convert their stadiums to all-seater following the 1989 Hillsborough disaster.

Farm wages victory

Some 20,000 part-time women agricultural workers have won a concession from the Agricultural Wages Board that they should qualify for parity on pay and conditions with full-time agricultural workers, the TGWU general union said yesterday.

Lords slam £4m legal aid for businessman

By Robert Rice,
Legal Correspondent

The government may change the legal aid rules after the revelation that a wealthy businessman has received more than £4m in legal aid to fight an embroiled action brought by his former employers the Arab Monetary Fund.

Dr Jawd Hashim, a former head of Middle East-based AMF, is being sued for £23m he allegedly siphoned off from the fund into private Swiss bank accounts.

The disclosure in the Lords on Thursday by Lord Rodger of Earlsferry, the Lord Advocate, that Dr Hashim's legal battles with the AMF had taxpayer £4.0m in

legal aid, caused outrage among peers. They demanded to know how someone who owns six luxury homes around the world can be eligible for legal aid.

The Legal Aid Board said it could not talk about the specifics of Dr Hashim's case, but that it might recover some or all of the money if Dr Hashim won the action. In general, anyone is entitled to legal aid regardless of nationality if they are party to proceedings in a British court, it said.

But to get legal aid an applicant must be financially eligible and must satisfy the board that he has a reasonable legal case. Eligibility is determined by the Benefits Agency, which will investigate an applicant's

means. Normally someone with Dr Hashim's assets would not qualify for aid, but the agency must disregard assets if they are being claimed by the other party in the proceedings.

As the AMF is claiming £23m from Dr Hashim, the agency could disregard assets up to that amount in assessing his means. Also if a person's assets have been frozen by a court the agency cannot take them into account. An injunction freezing the assets of Dr Hashim and his wife was granted to the AMF at the start of the case.

The Lord Chancellor's department said the issue of whether people in Dr Hashim's position should be eligible for legal aid was under review.

After a year of Labour government the public will be demanding something different, and they will measure the success of the government in terms of jobs and growth.

"If Mr Blair is still talking about community values and saying that we cannot have full employment because of Gatt or the European Union, people will turn on him and blow him apart."

More moderate leftwing

members of the Tribune group said they were worried by the "fuzzy" personal manifesto for the leadership published by Mr Blair on Thursday.

They voiced concerns about his failure to set out a clear economic programme, his lack of support for public sector unions, and his statement that the market economy was "in the public interest".



Victory fears: Tony Blair causes concern to leftwing MPs

Legal review granted on dam

By James Blitz

A leading UK pressure group yesterday won the first round in a legal battle to halt Britain's funding of Malaysia's Pergau dam project.

The World Development Movement, a pressure group on Third World issues, was granted its application for a judicial review of the decision by Mr Douglas Hurd, the foreign secretary, to fund the project.

The group is calling for the review on the grounds that the offer of £234m for the dam broke British law, which states that old money can only be spent on beneficial economic projects.

Lawyers for the group are also pressing the High Court to block the £230m that is yet to be paid to the Malaysian government under the agreement signed by Mr Hurd.

Mr Ben Jackson, the campaign co-ordinator, said the decision by Mr Justice Auld to grant the application was "a major victory" for his movement.

Mr Hurd's lawyers did not oppose the granting of leave for the application. But his counsel, Mr Stephen Richards, said the full hearing later this year would be contested "with vigour".

The High Court decision threatens to re-open the row over the funding of the Pergau dam at a time when the UK is anxious to restore trade relations with Malaysia.

Much of the controversy over the project earlier this year was focused on whether the government had broken its own guidelines in 1988 by linking the offer of aid to a defence deal worth about £1bn. Mr Hurd has admitted there was a "temporary entanglement" between the two deals but that they were both pursued separately later.

The World Development Movement is challenging Mr Hurd on the broader point that his decision in 1981 to fund the project broke the Overseas Development and Co-operation Act.

Mr Nigel Pleming QC, for the group, said that, under the act, aid could be given only "for the purpose of promoting the development or maintaining the economy of a country or the welfare of its people".

He left open the possibility that the precise powers of new all-Ireland boards to co-ordinate policy in transport, energy, tourism and communications could be defined in talks between Ulster's constitutional parties.

British officials also sought to calm Unionist concerns about the plans by stressing that Dublin was not seeking "joint responsibility" in such areas.

Mr Reynolds hinted that the two governments must also settle the details of a proposed new assembly in Northern Ireland.

The group acknowledged that because it is not a charity, it would need substantial donations from the public to proceed with the case.

PM and Reynolds upbeat on Ulster

By Philip Stephens,
Political Editor, in Corfu

The British and Irish prime ministers last night reported solid progress towards an agreement next month on the framework for a new political settlement in Northern Ireland.

After talks at the European Union summit in Corfu, Mr Reynolds and Mr John Major offered an upbeat assessment that the outline accord would be agreed at a summit pencilled in for around July 20.

Officials said the leaders had still to resolve differences over the language in the statement on the proposed amendment of Dublin's constitutional claim to Northern Ireland and on the establishment of new institutions to enhance north-south co-operation.

Hollick urges new media watchdog

By Raymond Snoddy

Lord Hollick, managing director of MAI, the broadcasting and financial services group, yesterday called for the creation of a new watchdog to be responsible for ITV, the BBC and other broadcasters.

He argued that an element of public service obligation should apply to all terrestrial, satellite and cable broadcasters to promote both programme diversity and domestic production.

He said he wanted to "maintain ITV's public service obligations, the positive programme requirements in the Broadcasting Act and the capacity to meet them".



Help us give every injured child the care that Saed received.

The last thing Saed ever saw was a shower of mud as his playground was shelled. He escaped to safety and a western hospital. But thousands of children from what was once Yugoslavia don't have that chance. Many face operations without anaesthetic. The Red Cross has got aid through to over 2 million people. Your donation will help even more.

Yes, I want to help

I enclose a cheque/postal order (payable to British Red Cross) for

£250 £50 £25 £15 Other £ _____

Or please debit my Visa/Mastercard/Amex/Diners Club/Switch Card

No. _____ Expiry Date _____

Today's date _____ Signature _____

Call the British Red Cross Helpline to make a credit/debit card donation

071 201 5250

Mr/Mrs/Miss/Ms _____ Address _____

Tel. _____

New please send this coupon with your donation to: British Red Cross, Former Yugoslavia Appeal, Room 559, FREEPOST, LONDON SW1X 7SR.

"A donation of £250 or more is worth a third as much again through Gift Aid as we can claim back the tax."

Please tick this box if you do not want to receive further information on the Red Cross.

Tick this box if you would like a receipt.

British Red Cross

Registered Charity No. 22049

Fund management group fined over foreign trips

By Norma Cohen,
Investments Correspondent

Abbey Unit Trust Managers, the unit trust fund management arm of Abbey Life, improperly allowed its fund managers to travel on trips paid for by commissions generated in trades with stockbrokers, regulators said yesterday.

Irmo, the self-regulating body for the fund management industry, has fined AUTM £20,000 and ordered it to pay £28,000 in costs following an investigation into its "soft commission" arrangements.

Soft commissions are services which stockbrokers pay to fund managers at no cost. In exchange, the fund managers promise to place an

agreed volume of trades through the stockbroker generating commission for it. US regulators have almost banned the practice because the commissions are paid out of investors' capital, but UK regulators allow such arrangements within certain limits.

Irmo rules allow the fund managers to accept services which aid them directly in their research activities, provided the stockbroker with whom the agreement is struck arranges to buy or sell the stock at the best available price. Typically "softed" services are stockbroker research or computer software services.

Soft commissions are services which stockbrokers pay to fund managers at no cost. In exchange, the fund managers promise to place an

agreement for the severance of the structures for the governance of the union which joint authority would impose".

In negotiations with Dublin, Britain is understood to have rejected any suggestion that new north-south institutions could imply joint authority.

But when pressed to clarify he said: "The Irish nation is bigger than the Unionist population... consent means (Unionist) involvement and maybe even more than that, but there cannot be a veto."

He said Sinn Féin was also looking for a means to achieve a "total demilitarisation of the conflict" in Northern Ireland,

rather than focusing on just one aspect of it, namely the IRA.

Sinn Féin thus appears to be moving towards proposing an extended IRA ceasefire, as opposed to a total cessation of violence as demanded by the two governments.

It does not make any specific

recommendations, but it does highlight two key points which are likely to be central to Sinn Féin's response," he said.

The report published yesterday is a summary of the 220 submissions made to the commission from across Northern Ireland and the Republic during five hearings held between January and March.

It does not make any specific

recommendations, but it does highlight two key points which are likely to be central to Sinn Féin's response," he said.

The report published yesterday is a summary of the 220 submissions made to the commission from across Northern Ireland and the Republic during five hearings held between January and March.

It does not make any specific

recommendations, but it does highlight two key points which are likely to be central to Sinn Féin's response," he said.

The report published yesterday is a summary of the 220 submissions made to the commission from across Northern Ireland and the Republic during five hearings held between January and March.

It does not make any specific

recommendations, but it does highlight two key points which are likely to be central to Sinn Féin's response," he said.

The report published yesterday is

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday June 25 1994

What haunts the markets

Polonius advised his son, brother of Hamlet's Ophelia, to be neither a lender nor a borrower. If people had taken this sage counsel, there would not be much of a capital market, nor indeed much capitalism. But what has happened to global markets this year reinforces the sense behind his advice. It is not so much that one should be neither a borrower nor a lender. It is more than only one of those roles is worth playing at any moment. It has been a mistake to be a long-term lender in 1994. Now it will prove costly to be a long-term borrower.

In the 1970s, long-term lending to such previously sound borrowers as the US and UK governments proved financially suicidal. Fears of a repeat haunt markets.

During periods of declining inflation, investors forget their fears, like hungry mice having a sleeping cat. But as soon as inflation stabilises and prospects for short-term gains on long-term loans vanish, they remember once again. So far, 1994 has been a year for remembering.

Naturally, policymakers condemn such fears as irrational. In response to the decline of the dollar to below Y100, President Bill Clinton said only this week that "this is the first time in 30 years that we have had growth in the economy, with no inflation, led by investment that will create jobs". Thank you, Mr Greenspan, he might have added, but did not. He has, instead, appointed two people to the board of the Federal Reserve, Alan Blinder and Janet Yellen, who are thought to be soft on inflation.

Why did he do that, wonder those spooked markets? He is hardly likely to admit that he hopes to manage a default on Reagan-era federal debt, via a bout of good old-fashioned inflation. He had to say what he did, argue the doubters, whether he is sincere on inflation or not.

Inflation fears

The return of fears about inflation is one reason for the linked phenomena of declining bond markets and a falling US dollar, another being the strength of the US recovery. Investors no longer wished to buy US financial assets. Once that mood took hold, the size of the US current account deficit made a weakening of the currency likely.

If this is so obvious in retrospect, why was it not in advance? The general assumption at the beginning of the year was that the dollar would strengthen with US economic recovery, as short-term interest rates rose in the US and continued to fall elsewhere, particularly in Europe. The relative short-term interest rate part of

this story has worked out more or less as expected, but it has not had the expected effect on the dollar.

The main reason is that people did not foresee what would happen to long-term rates. What has since been called the world's biggest ever margin call, following the Federal Reserve's inflexible monetary tightening last February, led to larger bond market declines than expected. These increases in long-term interest rates reflect partly the reversal of earlier speculation, partly a return of fears about inflation, but also higher real rates of interest.

Higher rates

The fact of higher real interest rates is demonstrated by the one more or less incontrovertible piece of evidence, the rise in the real yield on index-linked sterling gilts from 2.5 to 4 per cent since January. This increase explains almost half the rise in the yield on conventional long-term gilts in this period, the rest being presumably due to deteriorating inflationary expectations.

Why should higher real rates hurt the dollar? One reason is that investment opportunities elsewhere are better, partly because recovery in continental Europe and Japan is becoming evident. Investors will wish to invest in other markets, something that is hurtful to a country such as the US which is dependent for exchange rate stability on a continuing inflow of foreign capital.

Also important in a more inflationary environment is past history. It is not an accident that Japan and Germany, both of which have relatively good historical records of inflation and historically strong external positions, have suffered the smallest declines in their bond markets among leading industrial countries. Meanwhile, Canada, Italy and the UK have suffered most. Japan most of all, given its still huge current account surplus.

Three conclusions emerge. The first is that with real interest rates back to 4 per cent, being a borrower is a risky business, even for governments. This has to be true when real interest rates exceed the prospective real rate of growth of the economy.

The second is that more governments should borrow on inflation-indexed terms. Not only would this help analysts understand bond market better, it would also protect markets from the fear of inflation. Finally, the spooked markets of today are the price of decent years ago. The only possible response is to go on trying every day to earn their trust.

When the former directors of Bellring, the UK cooker manufacturer, were trying to salvage their ailing company in 1991, they turned to the pension scheme. The directors, who were also pension scheme trustees, bought a Bellring subsidiary for the scheme with £5.5m of pension assets, and borrowed £2.1m from the fund.

Bellring went into liquidation the following year and the liquidators valued the subsidiary at £2.5m. Scheme members turned to the courts to recover their money. So far, they have recovered little.

This is one of the most serious cases to rock the pensions industry, which has not yet regained public confidence after the disappearance of more than £400m from pension funds controlled by the late Robert Maxwell.

Last week, the government acted to fill some of the most gaping holes in the regulatory net which permitted Maxwell's deception to take place. In addition to giving an oversight of pension schemes, the proposed legislation would alter some aspects of state benefits which may, in some cases, reduce the benefits paid to pensioners.

The overriding question for pensioners and scheme members is whether they will be better off when the proposals become law. The white paper tries to balance improved safety for members against the interests of employers who do not want to bear higher costs. The main points are:

- Creation of a pensions regulator to be funded by a levy on the pensions industry estimated at £10m a year. The regulator would have the power to discipline and set fines for schemes which break the rules.

This is widespread agreement that the regulator is central to improving the safety of schemes.

Regulation would be funded by the pensions industry through a board selected from the industry. It would rely on "whistle-blowing" by professional advisers to scheme actuaries, accountants and solicitors – to alert it to wrongdoing.

"Professional people are naturally reluctant to be whistle-blowers for people who are their clients and their source of income," said Mr Stewart James, chairman of the Association of Pensions Lawyers and partner at solicitors Rowe and Maw, and also a member of the Goods Committee, whose proposals the white paper reflects. He thinks the idea of the regulator is not as

You win some, you lose some

UK pension scheme members have gained security, but may have lost some rewards, says Norma Cohen



effective, therefore, as it could be.

- Minimum solvency standards aim to ensure that schemes have enough assets to meet their pension obligations. These begin to take effect in April 1997 and schemes would have five years to meet them fully. If they meet at least 90 per cent of the standard, they may take another three years to bring them up to 100 per cent.

But there is a cost to members of this added security. This is because the method used to calculate the value of assets – which adds up the cash equivalent needed to buy an annuity that would provide the member with the promised benefits at retirement – means that those who leave schemes early will have lower transfer values.

The accountancy firm Coopers & Lybrand estimates that the new cal-

culations of cash equivalents would mean that a 30-year-old leaving a scheme would have a 25 per cent lower transfer value once the new rules take effect.

- A compensation scheme for fraud or misappropriation would be financed by employers and cover up to 90 per cent of any missing assets.

- Scheme members would have the right to appoint at least one-third of a board of trustees, with small schemes guaranteed at least one member trustee.

This proposal should improve the confidence of the average pension scheme member. First, members would be able to appoint trustees who cannot be removed by the employer. They should be in a position to spot inappropriate activity early. Mr Nigel Preston, partner in the pensions practice at consulting actuaries R. Watson, said: "I've seen schemes with member trustees, and they do improve the quality of administration. They certainly limit the ability of the bad guys to put their hands in the till."

In addition, the presence of member trustees forces the employer to think twice about securing the use of a scheme surplus entirely for his own benefit, Mr Preston says. Thus, not only may members feel safer after the new legislation, they may also find they are better off.

- Abolition of the Guaranteed Minimum Pension from April 1997, which guarantees that at least a portion of each deferred pension rises in value in line with salary increases, until it is ready to be drawn. Instead, employers would have to increase pensions in payment by 5 per cent or the retail

price index, whichever is lower. The GMP is currently intended to ensure that occupational schemes provide at least a portion of deferred benefits, which rise each year in line with earnings, and which are equal in value to those provided by the State Earnings Related Scheme. Schemes which are "contracted out" of Serps are allowed to receive rebates of National Insurance Contributions along with their members.

According to data from the National Association of Pension Funds, some 41 per cent of employers are voluntarily increasing pensions in payment each year by the amount required under the new law. A further 28 per cent are increasing pensions by an even more generous level. Indeed, only 2 per cent of all schemes have increases of less than 3 per cent each year.

Ms Penny Webster, partner at Bacon and Woodrow, the consulting actuaries, said: "The abolition of GMP could cause significant reductions in the pensions received by many people, in particular, those who change jobs frequently would be hard hit. That is because, although a 'frozen' pension is only required to be updated by 5 per cent each year, the GMP portion of that pension must be increased by 7 per cent or by the level of earnings inflation, which is typically 1½ to 2 per cent above retail price inflation."

"Let's say a 35-year-old man leaves a scheme with 30 years to go until retirement," Ms Webster says. "Considering that GMP can be 40 per cent of his total pension, that man's final pension will be reduced by 15 per cent." Those who stand to benefit are those whose employers provide little or no inflation-proofing for pensions, and who have worked most of their lives for a single employer – a minority of the UK 16m scheme members.

The response to the white paper has been mixed. The NAPF has broadly endorsed it, saying it strikes a balance between improving security for scheme members and limiting costs to employers. But trade unions have said it does not go nearly far enough in protecting scheme members.

The answer to the question of whether the average scheme member is better off is maybe. For while there is a greater certainty that promised benefits will be delivered, they may prove in the end to be less generous than at present. It will be up to scheme members to decide whether they think the trade-off is worth it.

The attraction of a statutory system is that it would get rid of the present mess."

Such advocates of change are unlikely to have their wish fulfilled, however, says Mr John Maples, a former Treasury minister who is now chairman of Search Government Communications, a lobbyist.

"I cannot believe there is any stomach for amending the FSA this century," he says. "The faults are not big enough for the government to go through the grief that would be involved." Mr Mather agrees. "There is still time to sort out the FSA," he says.

Those hoping that the pensions white paper opens a new door for similar moves for financial services regulation as a whole are likely to be disappointed, therefore. It will take a scandal of the magnitude of the Maxwell case before the politicians see any need to extend statutory regulation to the financial services industry as a whole.

John Willman on moves towards statutory regulation Break with Thatcherite past

dose of self-regulation.

"I don't think there would be any support for the view that no action is needed in the pensions industry," says Mr John Watz, Conservative chairman of the House of Commons Treasury and Civil Service Committee.

As for the pensions industry, a statutory framework complete with regulator was seen as the quid pro quo for a compensation fund financed by a levy. A strong regulator is seen by the industry as essential to minimise the calls likely to be made on the fund.

The move to statutory regulation of the pensions industry is likely to rekindle demands for a similar approach to financial services regulation as a whole. Influential bankers and insurance executives have

become increasingly concerned about the self-regulatory edifice that has been constructed on the back of the 1986 Financial Services Act (FSA).

Mr Mick Newmarch, chief executive of Prudential, the UK's largest life insurer, has led calls for a shift towards a simpler statutory system. "Such is the wholly unsatisfactory state of retail financial services regulation that the experiment of self-regulation within a statutory framework must be seen as a failure," he says.

Despite differences over what should replace self-regulation, there is a growing view in the City that statutory regulation would be better than the framework created by the FSA, according to Mr Graham Mather, the newly-elected MEP who is president of the European Policy Forum.

"People say that we have ended up with the worst of both worlds," he says. "The FSA is supposed to be self-regulatory, but it is heavily overlaid by statutory requirements.

MAN IN THE NEWS: Conrad Black

New battleplan for Waterloo

This has been an incredible week for Ms Barbara Amiel, the right-wing Sunday Times columnist. She has been usually described as trenchant, have recently encompassed the need for a firm stand against both North Korea and Britain.

On Tuesday she held what has been described as the "high society party of the summer" at the Ritz hotel in London, bringing together 150 people, including Princess Diana, to celebrate businessman Sir James Goldsmith's election as a Euro MP and his wife's 60th birthday.

Ms Amiel's husband, Conrad Black, chairman of the Telegraph group, had quite a week, too. Before heading for the Ritz, Black had been putting the finishing touches to the decision to cut the price of the Daily Telegraph from 45p to 30p.

The decision led to a sharp fall in the Telegraph share price, which exposed Black to something approaching hatred in the City of London because he sold £7m-worth of Telegraph shares last month at what now looks like a fancy price. It also provoked a counter-attack from Rupert Murdoch, who cut the price of the Times to 30p.

But Black is a tough general. "This is not a problem, I have been in tighter corners than this," he said on Thursday night, after hearing of the latest Murdoch manoeuvre and before going off to dinner with Barbara, his second wife who, he says, has made him happier than he has ever been.

By my standards, however, he is fighting a tight corner. And Black acknowledges that Murdoch, chairman of News Corporation, which owns five national newspapers including the cut-price Sun and the



cut-price Times – both selling at 20p – is "playing hardball". The owner of the Telegraph group said he believed that "he [Mr Murdoch] wants to put the weaker companies to the wall. I am a capitalist and a Darwinian and I don't raise moral objection to that, although we're a live-and-let-live company".

The Canadian newspaper proprietor, with more than a passing interest in military history and the achievements of Emperor Napoleon Bonaparte, laces his conversation with talk of war in the wake of Murdoch's fierce retaliation.

"You can't make war and peace at the same time, you can't suck and blow at the same time. If you're going to regret an escalation of hostilities by an adversary who has already declared war on you, you might as well have flown up the white flag in the first place."

He is similarly defiant about City immodest that, when his main company, Hollinger, sold 12.5m Telegraph shares on May 19 at 357p, he had thoughts of cutting the price of the paper.

Black said he returned from New York last week to find a recommendation that the paper should cut its cover price. May's circulation figures, out earlier this month, showed the Times had increased its sales by 35,000 compared with April, to a new record of 515,000. The choice, as they saw it, was between acting now and watching their circulation drift slowly down.

"Was I personally supposed to say: 'Sorry, fellows, we can't do it because it will give me a public relations problem.' That is not what you have to do when you have to do it," said Black.

He added that he had recently

Black, who believes the effect of the price cut on the Telegraph's profits will be relatively marginal.

"If it shakes out the way we think, I think we will have the pleasure of having stopped the inexorable rise of The Times, shored up our own position and taken only a marginal hit to profit," he said.

Nevertheless, the price war could turn out to be the newspaper equivalent of a winter campaign in Russia for Black, who bought effective control of the Daily Telegraph at a cost of about £20m in 1986.

Price cuts are not the only topic exercising his staff this week. Max Hastings, Telegraph editor-in-chief, appointed Simon Heffer, a journalist known for right-wing views, as deputy editor, amid reports that Hastings was a candidate for being kicked upstairs.

Black conceded: "I became impatient not with the ideological tenor of the paper but with the lack of sharpness. It just wasn't robust and vigorous enough and needed to be a little bit more of a thunderer [the old nickname for The Times]."

On top of this week's turmoil, the Telegraph, a quintessentially Conservative newspaper (though it does criticise individual Conservative governments), could be heading for a period of opposition. If Labour wins the next election, then Black and Ms Amiel will be invited to few powerful political parties, even though Black regards Tony Blair, the favourite for the Labour leadership, as "a perfectly nice man".

As usual, Black takes the historic view. The Daily Telegraph, he explained, had been founded in 1855 essentially to oppose the then prime minister Lord Aberdeen, and the Duke of Cambridge as commander of the British army. "You can't always have your own people in power. If we found ourselves as a highly oppositionist paper, that is frequently a very enjoyable position for a newspaper to be in," said the man who is today many millions of pounds poorer than he was at the Ritz on Tuesday evening.

Raymond Snoddy

This notice is issued in compliance with the requirements of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange") and appears as a matter of record only. It does not constitute an invitation or offer to subscribe or purchase any securities. Application has been made to the London Stock Exchange for the new shares and new warrants to be admitted to the Official List and it is expected that admission to the Official List will become effective and that dealings will commence on 27 July 1994.



The Five Arrows Chile Fund Limited

(Incorporated and registered with limited liability in Guernsey with registered number 2178)

The Five Arrows Chile Fund is an offshore fund which invests in Chilean equities

Restructuring proposals incorporating bonus issues of new shares and new warrants

The restructuring proposals involve obtaining the status of an Inland Revenue approved investment trust in the United Kingdom, changing the name of the Company to "The Five Arrows Chile Investments Trust Limited", making a bonus issue to Shareholders of nine new shares for every one share presently held, making a free issue of new warrants to Shareholders on the basis of one new warrant for every five shares presently held and establishing an investment trust savings scheme to allow investors to make regular purchases of shares.

SHARE CAPITAL

Authorised Number	Amount US\$	Issued and now being issued fully paid Number	Amount US\$
1000	100		

Japanese warm to vin ordinaire

While the world's leading central banks agonise over the yen's historic leap through Y100 to the dollar this week, ordinary Japanese people are having a ball.

A Japanese consumer might celebrate by treating himself to a prime US steak for lunch, washed down with a bottle of French wine or Belgian beer. He could then step into his new Cherokee jeep for a drive to the local travel agent, where he might book a beach holiday in Hawaii, likely to cost less than a golding trip to Hokkaido.

These are examples of the formerly expensive foreign treats being snapped up by consumers, enriched by a currency that has risen 35 per cent in trade weighted terms since the start of last year.

Imports of beef, mostly US and Australian, rose by a third in the year to March; beer imports multiplied fivefold in the first four months of this year, and wine imports doubled. Car imports rose by nearly half last month, the seventh monthly rise running, to gain a record 8.6 per cent market share, led by US cars with a 60.6 per cent volume rise. Meanwhile, a record 5.2m Japanese travelled abroad in the first five months of this year, nearly 16 per cent more than the same period of 1993.

Their appetites sharpened by more than three years of economic decline, Japanese people have acquired a taste for a bargain.

Some - but by no means all - the consequences of the yen's strength have been good for the economy. A discount shopping spree, for example, was thought to be a factor in a jump in private consumption, by an annualised 5.8 per cent in

the first quarter of this year.

This spate helped import volumes grow by 16.1 per cent in the year to last month, the main cause of a sharp 15.9 per cent drop in the trade surplus over the same period. It was the first clear sign that the politically troublesome current account gap - a factor in the yen's rise - is starting to shrink.

"The boon to consumers will go much further this time than in the previous round of yen appreciation, because people have become genuinely more value oriented," says Mr Dick Besson, senior economist at James Capel Pacific.

Evidence that Japan's new taste for French wine and US cars could have some way to run is that foreign goods still only represent just over 14 per cent of domestic demand - well below the OECD average of 24 per cent. So Japan's consumers can be expected to reach for their corkscrews and propose a toast if the yen should rise again.

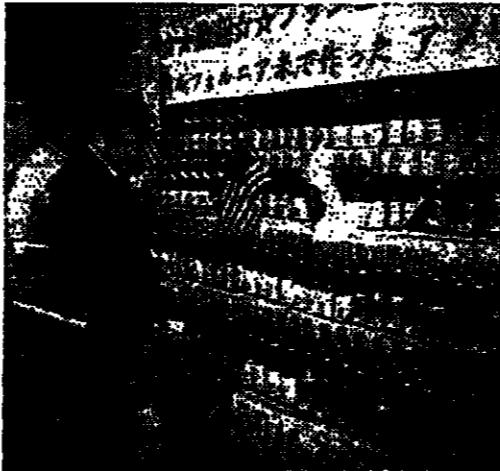
There is, of course, a painful side to the yen's fluctuations. Nowhere is the anguish worse than in the boardrooms of Japan's manufacturing companies. They have seen the yen value of overseas earnings squeezed since the 1985 Plaza accord to restrain the dollar's value started the yen's rising trend.

Another turn of the screw is unwelcome, when Japan is in the fragile early stage of a recovery from its longest economic downturn in postwar years - 37 months according to the government's Economic Planning Agency.

It is even less welcome when the

Cheap French wine is one pleasant consequence of the strong yen, but there is also pain, says William Dawkins

Japanese shoppers: spend, spend, spend



minority coalition government is facing a no-confidence motion, paralysing attempts to resolve the dispute with the US over barriers to imports, and casting doubt on the substance of the package of deregulation and tax reforms, due to be published on Tuesday.

"The yen's extraordinary sharp appreciation could not only nip the recovery in business conditions in the bud, but also destroy the com-

pany's manufacturing industry," warns Mr Takashi Nagano, chairman of the Nikkeiren employers' federation.

Mr Shōichiro Toyoda, chairman of the Keidanren employers' federation, estimates that, if the yen sticks around Y100 to the dollar for the next year, gross domestic product will shrink 0.8 per cent over the same period. That compares with

growth of 2.4 per cent this year.

A similar, but stronger, jump in the Japanese currency this time last year killed signs of a recovery then. The yen rose by 17 per cent from January 1993 to last year's high of nearly Y100 in August, receding to Y110 by the end of the year. By yesterday it was at Y101.1, 12 per cent above its 1994 opening rate.

Each Y1 fall against the dollar over a year slices 3.4 percentage

points from manufacturing industry's taxable profits, according to Nikko Securities. The Economic Planning Agency reckons that only one in 200 of Japan's exporters can break even at Y100 to the dollar.

Yet foreign economists - and some Japanese companies - believe that Mr Toyoda and Mr Nagano are exaggerating slightly. For one thing, they do not believe the yen will stay at this height, because the current account surplus appears to have turned the corner.

This year's signs of a general economic recovery are also stronger and more widespread than last year's. Gross domestic product rose by an annual 3.8 per cent in the first quarter of this year, by comparison with the 1 per cent rise in the same period of 1993.

This might explain why the stock market does not believe that the strong yen is as bad as bad for corporate Japan as managers sometimes claim. Mr Robert Feldman, chief economist at Salomon Brothers Asia, the securities company, points out that share prices have risen in each of the seven years since 1970 in which the yen has appreciated by more than 10 per cent. "It suggests that the yen's strength is linked to the strength of the economy."

Japan's industry has, moreover, had nearly a decade since the Plaza accord in which to sharpen its competitiveness in response to the rising yen, by trimming costs and shifting capacity abroad. Clearly, the yen's strength reduces such companies' foreign costs as well as foreign revenues.

Today, 7 per cent of Japan's industrial production is overseas, according to the Tokyo office of Morgan Stanley, the investment firm. The move caused the loss of 70,000 Japanese manufacturing jobs at the latest count in 1991. But that is tiny in relation to the 82.5m workforce, so unemployment remains far lower than in Japan's leading competitors, at 2.8 per cent.

This indicates that industry can continue the shift abroad without breaking its taboo against making redundancies - the constraint on foreign investment is most commonly cited by managers in Tokyo.

A nother high-yen survival technique has been to contain the rise in export prices by sacrificing profit margins and keeping a lid on our costs. They have been helped by the fact that Japan's working hours and total wages are more flexible than international competitors.

But Japanese companies have been unable to squeeze labour costs indefinitely. These have been allowed to rise since the turn of the decade above those in the US and Germany. As a result of Japanese companies' decreasing ability to pass on the costs of the high yen to their workforces, the country's loss of export market share "could begin to be severe," warns the latest OECD report on Japan.

The lesson, as if Japanese companies did not already know this by heart, is that weak currency fluctuations are a long-term fact of business in Japan. Consumers can, at least for the time being, continue to drink cheap French wine, reasonably secure in the knowledge that their hard-pressed employers will not throw them out of a job - yet.

When Mr Rudolf Scharping chose a cavernous indoor ice-rink in Halle, in eastern Germany, as the venue to launch his campaign last Wednesday for the German chancellery, he was taking a calculated risk.

Not only was this monument to east Germany's former obsession with sports, with its banks of orange plastic seats screwed to concrete benches, a terrible place for a big set-piece speech, even to the party faithful. It was more than that.

Halle, once capital of a sprawling chemical industry, now ravaged by unemployment, is in the throes of an election campaign for a new parliament and government in the state of Saxony-Anhalt. The voters go to the polls tomorrow. So Mr Scharping, the neatly bearded, 48-year-old leader of Germany's opposition Social Democratic party (SPD), was putting his election-winning reputation on the line.

Four months ago, he looked a good bet. Mr Scharping and the SPD were riding high. Chancellor Helmut Kohl was trailing in opinion polls, the economy was still in the doldrums, and the conservative-liberal coalition government in Saxony-Anhalt was in disarray after the resignation of its premier and three ministers in a scandal over inflated salaries.

The Halle party conference to endorse Mr Scharping as the candidate for chancellor was just what was needed, the party strategists declared. It would secure a resounding win in the state election, and set Mr Scharping on his way for the chancellor's office come the general election in October.

This week, it all looked like a very risky gamble. It is Mr Scharping and the SPD who are now falling behind, after a damaging defeat in the June 12 European election. Local elections on the same day in Saxony-Anhalt saw Mr Kohl's Christian Democratic Union (CDU) still in front of the SPD, in spite of the salary scandals, although only by a narrow 1.5 percentage point margin (by 31.2 per cent to 30.7%).

Yesterday's national Politbarometer opinion poll, broadcast by ZDF television, put the CDU on 40 per cent nationally, to just 36 for the SPD. As for Mr Scharping, he is trailing Mr Kohl in the race to be the next

Party loses its footing

Quentin Peel on the fluctuating fortunes of Germany's SPD



The tide is running against Rudolf Scharping and the SPD

chancellor by 48 per cent to 41 - a reversal of their fortunes at the turn of the year.

On Wednesday, the mood on the ice-rink was grim. Yet everyone knew they had to put on a good show. Mr Scharping rose to the challenge. He delivered a storming speech, in complete contrast to his normal wooden, preaching style. He mocked the "fat man" in the chancellor's office, denounced the inequities of west German materialism and east German joblessness, and told his detractors in a scandal over inflated salaries.

The question is whether his newfound fury has not come too late. For the tide seems to be running against the SPD, in both east and west. The party has been unable to make a clear political breakthrough, in spite of still rising unemployment and last year's sharp recession, and even against a chancellor like Mr Kohl, who has never been genuinely popular. Many question whether the SPD's cause is not more fundamental than a question of policies, or of personalities.

Yet in seeking to be realistic and blunt about the financial possibilities, it is alienating both its traditional voters and new, more prosperous groups. "The main themes for which social democracy always stood, and their main voters, are no longer recognisable," says Mr Karl-Rudolf Korte, head of the Germany political science research group at the University of Mainz. "If everything comes together in a great middle-of-the-road coalition, where will be the specific

"This is a very difficult time for social democracy," says Mr Jürgen Bureckhardt, director of the Friedrich Ebert foundation, the SPD think tank. "It is very difficult to formulate a policy under our changed circumstances, because you have to take into account the will of the people." In areas such as the extension of social benefits, or the protection of lower income groups - classic social democratic themes - the SPD now admits that public funds are not adequate to the task.

The irony is that the two

Mr Scharping's safe, dull and provincial image has only compounded the impression. "He presents himself as a younger Mr Kohl," says Dr Korte.

The irony is that the two

As far as the social democ-

crats are concerned, their

strategists seem already to be

prepared to contemplate a set-

back in October.

"I am convinced Scharping

has a chance in the medium

term, even if he does not make

it this autumn," says Mr

Bureckhardt. "Halle convinced

me. He has got what it takes.

This man is fit. And look how

long it took Willy Brandt."

Mr Brandt became chancellor at 65.

Mr Korte's strategy is to

regulate nicotine in chewing gum or

patches to help people stop smoking, and

to prevent cigarette makers advertising

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Scientists strong on religion

From Dr Denis Alexander.

Sir, Professor John Postgate ("Religion: are we better off without it?" June 18/19) is mistaken in thinking that "few scientists" are to be found holding "religious beliefs". Christians in Science is only one of a number of international organisations representing many thousands of Christians engaged in scientific research, a good number of them holding chairs of science in British universities. Considering the powerful impetus provided to the emergence of modern science in 17th century Europe, this substantial Christian presence within the scientific community is not surprising, given the two-way traffic of ideas between science and faith that has continued unabated ever since.

Prof Postgate's suggestion that "scientists who are religious" have to "close down"

their critical faculty for religious work, is embarrassing in its inaccuracy. A steady stream of recent books by various scientists has illustrated the way in which research work has frequently pushed agnostics and atheists down the pathway to theism precisely because they have used their critical faculties. *Science & Christian Belief* aims to explore the relationship between science and faith at an academic level. As editor I read all manuscripts submitted to this journal. At the same time, I referee a large number of articles submitted to scientific journals. I can find no basis for Prof Postgate's claim that different standards of critical academic assessment apply in these two spheres of science and religion.

Prof Postgate's comments about religion and war reiterate tired arguments that miss important points. In light of

Set the right standards

From Dr Mike Asher.

Sir, Richard Gourlay's article, "Quality under fire" (June 21), on the attack against BS7650 makes excellent points. In particular, the fact that organisations not accredited by the National Accreditation Council for Certification Bodies are allowed to issue certificates to companies saying they have BS7650, introduces wide variations in standards, and brings the whole system into disrepute.

The Department of Trade and Industry should act to stop this outrage and give publicity to the role of the NACB. Only when this happens will buyers know certain about the suppliers they deal with.

Mike Asher,
managing partner,
The Quality Partnership,
11 Hale Road,
Altrincham, Cheshire

No light on the problem

From Ms Sue Wake.

Sir, Re Observer's story, "Checking out" (June 22), there cannot be many visitors to Moscow over the past few years who regret the (temporal?) closure of the Rossiya Hotel. This building was constructed, I believe, for the Olympic Games which were not in fact held in Moscow as planned. However, local folklore opined that the cockroaches were brought in by foreign athletes taking part in the substitute Goodwill Games.

As conference organisers it has been our lot to be accommodated at the Rossiya from time to time and delegates,

speakers and staff have all suffered the indignities of these light-sensitive creatures. Our prize for fortitude however goes to Mrs Barbara Mills who spoke at our event, *Europe-USSR law and co-operation*, in 1991 when director of the Serrills Fraud Office. At a farewell dinner during which discussion turned to "roaches she admitted that, as she had not had a single light bulb in her room for two days, she was unaware of the problem.

Sue Wake,
managing director,
Interform Services,
565 Fulham Road,
London SW6 1ES

Benefit of employee ownership

From Mr Nigel Mason.

Sir, Those who think reserving 10 per cent of the shares in a privatised Post Office ("PO staff may get free shares in sell-off," June 20) is a waste of scarce equity might examine the evidence in the US. Employees own an average 12 per cent equity in more than a quarter of the Fortune 500 industrials. This is not altrui-

Part-time workers need to avoid benefits trap

From Mr Peter Ashby.

Sir, It is encouraging to learn that the UK chancellor is investigating ideas for "improving the workings of the labour market in a humane way" (Economic Viewpoint, June 23). May one therefore ask that he address head-on the fact that registered unemployed people are, in effect, excluded by the benefit system from the main growth sector in the economy: part-time working.

Nowadays, many unemployed people say that they probably have a better chance of finding two part-time jobs, which together would offer an adequate overall income, than one full-time job. The problem is, however, that under the current rules they need to find both part-time jobs simultaneously if they are to be able to leave the register without falling straight into the "benefits trap".

The best way of helping them avoid this would be to offer to pay the long-term unemployed a "portfolio worker's allowance" for, say, a

period of six months, once they have accepted one part-time job. This would give them a proper breathing space to find a second source of part-time income that fits comfortably alongside the first - or, maybe, persuade their employer to convert the part-time job into a full-time one.

The idea is being piloted by

Training and Enterprise Coun-

cils in Lincolnshire and south

London, and the results are

encouraging. To make a significant impact, however, there would need to be a national initiative, with national marketing.

The idea of a portfolio work-

er's allowance would offer an

adequate overall income, than

one full-time job. The problem is, however, that under the

current rules they need to find

both part-time jobs simultaneously if they are to be able to leave the register without falling straight into the "ben-

COMPANY NEWS: UK

When price cuts prove price sensitive

David Wighton on the reaction of the Stock Exchange to recent Telegraph share sales

The speed with which the Stock Exchange moved to investigate recent trading in The Telegraph shares may reflect the determination of Mr Michael Lawrence, the new chief executive, to give more focus to its regulatory role. But its equally swift clearing of last month's Hollinger share sale came as little surprise to City lawyers.

An insider dealing specialist from a leading City firm said: "When a sale of that size is proposed there would be such close scrutiny to ensure there was no unpublished price-sensitive information involved that it is inconceivable that there would be any evidence connecting the sale with the Telegraph price cut."

The freedom of directors of listed companies to deal in their shares is restricted by the listing rules of the Stock

Exchange. These include a model code which forms the minimum rules a company must adopt to cover directors' dealings.

It requires directors to receive clearance from the chairman or other designated director for any dealings in the company's shares. Such clearance must not be given for deals during "close" periods ahead of announcements of financial figures.

For a company that reports quarterly, like The Telegraph, the close period covers the month immediately preceding the announcement of figures.

Deals are also prohibited in "any period when there exists any matter which constitutes unpublished price sensitive information in relation to the company's securities (whether or not the director has knowledge of such matter)

and the proposed dealing would take place after the time when it has become reasonably probable that an announcement will be required in relation to that matter".

The Stock Exchange investigation has found no evidence that a cut in The Daily Telegraph's cover price - which has proved highly sensitive for deals during "close" periods was contemplated at the time of the Hollinger stake sale.

There have been very few successful insider dealing prosecutions against directors, largely because of the requirement for trades to be cleared by other board members. The biggest to date was the conviction in 1991 of Mr Ivo Goodman, former chairman of Unigroup, the Leeds-based timber and clothing company. He received an 18-month prison sentence after pleading guilty

to insider dealing.

Given the number of Telegraph employees who own shares in the company, there is always a steady flow of share

trades. So it is likely that some employees sold shares in the run up to the price cut when there was increasing internal speculation about such a move.

A leading lawyer said that in these circumstances it would be easy to mount a legal defence even if such sales had been prompted by the speculation.

"The prosecution would have to show that the information was 'specific and precise' and that the defendant knew it came from an inside source, and was not just a rumour."

Another defence is that the shares would have been sold regardless of the inside information. "Given the state of the stock market and the amount of public comment about the newspaper it would be easy to argue that the shares would have been sold anyway."

Prudential pays £73.5m for Welsh shopping centre

By Vanessa Houlder, Property Correspondent

The Prudential has bought the Cwmbran shopping centre, the largest centre in Wales, for £73.5m from Ladbrooke Group and a trust belonging to Mr Leo Noe, chairman of Bourne End, the property company.

The property comprises 170 shops occupying 750,000 sq ft. Tenants include Marks and Spencer, J Sainsbury, Asda and Boots.

Ladbrooke's sale of its 50 per cent stake for £36.8m represents a small surplus over book value at the end of 1993. The initial yield on the deal was about 6.5 per cent.

The deal brings the total sales of commercial property by Ladbrooke this year to about £140m. Mr Peter George, group chief executive, said that negotiations were continuing in respect of other properties and further disposals were anticipated during the remainder of the year.

The deal is the sixth property acquisition

exchanged or completed by the Prudential this week. It has spent £400m on buying a Wolverhampton shopping centre, a parcel of properties from Burton Property Trust and a 50 per cent share of Wimpey's Little Britain office scheme in the City of London.

Mr Chris Taylor, property investment director of the Prudential, said that the insurer was continuing to look for potential acquisitions. "Now the investment market has gone off the boil, it is easier to find value."

• Estmire Properties, the property investment company owned by the Laing family, has bought £24m of investment property, to take its portfolio to a total value of about £170m.

Kemnair said it "had taken advantage of the recent softening of the market". The average yield was more than 8 per cent.

It has bought its own building in London's West End, as well as an office building in Watford, Hertfordshire, three Leeds office buildings, and four warehouse properties.

Kewill £4m in the black and resumes dividend payments

By Alan Cane

Kewill Systems, the USM-quoted computer software and systems group, is paying dividends again, the trauma of struggles with Weigang, its ill-starred former subsidiary, behind it.

For the year to March 31 it is proposing a final of 5p, the first for two years, from earnings per share of 23p, against losses of 50.9p.

The payment is a reflection of a capital reconstruction and a much improved performance. The shares rose 5p to 28p.

Profits before tax reached a record £4.04m, compared with a loss of £5.15m restated for FRS 3 and struck after a loss of £5.63m on the sale of Weigang, a German software house.

Turnover fell 4.7 per cent to £31.5m, against £33.5m, which included £2.34m from Weigang. The decline also reflected the fall in hardware values affecting the computer industry.

Borrowings were reduced from £3.96m to £7.00m during the year and have since been reduced further. The interest charge fell from a net £308,000 to £305,000.

Kewill specialises in software for manufacturing and accountancy and has a new consortium of venture capitalists will hold 40 per cent.

electronic document interchange.

Mr Kevin Overstall, chairman, said there were few signs of new investment yet among companies in the UK and Europe but trading in the US was much improved with profits up to £1.21m, compared with £280,000.

"New products, improving economic conditions and further reductions in operating costs all point to continued profitable growth over the coming year" he said.

• COMMENT

The saga of Kewill and Weigang, purchased for a song in 1991, should serve as a cautionary tale of overseas expansion for small companies. The acquisition went wrong and Kewill's management found itself out of its depth in a foreign country and a foreign language. An investment of £500,000 turned, in two years into a goodwill write-off of £1.6m by the time the company was disposed of to its management. During this sorry episode, however, Kewill's basic business remained sound and profitable despite the recession. Its software is generally well regarded and it is looking to acquire compatible companies in the UK, this time. With Weigang a lesson learned, the shares, on a historic p/e of 12, are cheap.

Mr Randall added that the majority of the year's profits would be made in the second half.

EuroDollar priced at 220p

By Paul Taylor

Shares in EuroDollar, the UK's second largest car hire group which is coming to market via a placing and public offer, were priced yesterday at 220p, valuing the group at £107.5m.

EuroDollar, the subject of a management buy-out from TSB last year, had originally planned to issue its prospectus and pricing details on Wednesday. However, the group postponed the flotation in the wake of turbulent market conditions earlier in the week in order to continue book-building.

The group, which has a UK fleet of about 12,000 vehicles and operates from 107 branches across the country, claimed a 10 per cent share of the fragmented £550m domestic car hire market last year.

Earnings per share came to 12.4p (8.4p).

The group, which came to

the main market last



Ian Mosley: good support from over 50 institutions

who participated in the buy-out.

Of the total, some 17m shares have been placed with institutional and other investors and the remaining 5.6m are being offered for sale to the public.

Following the flotation, institutional shareholders will hold about 14.8m shares (30.5 per cent) and the group's directors will hold 6.8m shares, representing a 14.2 per cent stake.

Yesterday Mr Ian Mosley, chief executive, said he was pleased with the price which was broadly in line with expectations. He said the issue had received good support from "in excess of 50 institutions".

SG Warburg Securities is broker to the offer and share dealings are due to begin on July 8.

Strong second half helps MMI recover to £1.21m

By Peter Franklin

and was achieved after redundancy and other one-off costs of £12.6m. Turnover rose from £753,000 to £1.7m.

Earnings per share emerged at 2.05p (1.87p losses).

In July last year the company acquired Petham Communications and its subsidiary, Park Avenue Productions, along with Mediatrix, a corporate publishing company.

The directors said that Park Avenue had had an excellent year, and made the main contribution to the profit performance.

These purchases are to be enhanced by the proposed acquisition of WMGO Group, in connection with which a placing and open offer involving the issue of 25.2m new ordinary 1p shares is being made.

Some 11.5m shares have been conditionally placed with institutional investors at 27.4p each, subject to an open offer to existing shareholders.

On completion of the acquisition it is intended to change the company's name to WMGO Group.

Having gained the necessary approvals to reduce its share premium account by the amount of the deficit on the profit and loss account, MMI is able to pay dividends out of profits. Accordingly, directors have declared a special interim of 0.5p for the current year.

Grand Metropolitan sells low margin wine brands

By Peggy Hollinger

Two of the leading wine brands in the US are to change hands in a proposed deal between a US subsidiary of Grand Metropolitan and one of the country's leading wine producers.

Heublein, a GrandMet subsidiary, has signed a letter of intent to sell Almaden and Inglenook wines, as well as several Californian wineries, to Canandaigua Wine Company of New York.

The Almaden and Inglenook brands are the third and sixth largest selling wine brands in the US with more than 13 per cent of the overall market.

GrandMet is selling the brands as part of its focus on higher margin products. Almaden and Inglenook are cheaper, higher volume wines, with lower margins.

The businesses recorded net sales in the year ended September 30 of \$255m (£155m) and were profitable, GrandMet said. The price has not been disclosed, and the deal must wait for regulatory approval.

It is thought the agreement will be closely examined as Inglenook is the second largest wine producer in the US, with brands such as Paul Masson and Taylor California Cellars.

Next signs joint venture deal

Next, the fashion chain, has signed a joint venture agreement with The Limited to open Bath & Body Works stores in the UK.

Four stores are planned to open in the autumn after which the brand is to be developed nationally.

The Limited operates 4,688 specialty stores, including Lane's New York, Abercrombie & Fitch and Penhaligon's.

Frogmore purchases top £150m mark

Frogmore Estates, the property investment group, has announced a further spate of purchases to take its total spending during the past two years to more than £150m.

The deals include the acquisition for £3.7m of Bredbury's 20 per cent interest in the 100,000 sq ft Hart Shopping Centre in Fleet, together with some adjacent land for possible expansion.

Frogmore is also acquiring the former head office site in Hertford of Addis, the brush and kitchenware maker, for £7.5m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres. pending dividend	Total for year	Total last year
Azlan S	2	Aug 30	-	2	-
Kewill Systems S	5	Aug 30	-	5	-
MMI Int	0.5*	Aug 30	-	0.5	-
Shaw (Arthur) S	1.5	Sep 2	-	1.5	-
Standard Sekers	0.35	Jul 29	0.15	2	0.15
Slytone S	0.31	Oct 7	0.15	1.6	0.15
Vistec S	0.275	Aug 12	0.25	4.725	0.25

Dividends shown pence per share except where otherwise stated. *Adjusted for scrip. **Special interim dividend for year to end-Feb 1994.

receive some £2m.

Mr Bob Hughes, chief executive, said that though the climate had been difficult, he was delighted with the outcome of the placing.

Sponsors Beeson Gregory had managed to get the placing away with a price comparable to expectations just a day later than planned, after discussions with Scottish institutions earlier in the week.

Delaying the flotation any longer would have hindered plans to expand alumina capacity, to prepare for the with-

drawal from the continental European market of two large competitors, he said.

UCM reported pre-tax profits up from £683,000 to £1.1m for 1993, up 12 per cent higher at £26.7m. Mr Hughes said sales in the current year were ahead of 1993.

After flotation, the company expects to be less than 20 per cent geared.

The board, which is selling 872,994 shares, is expected to hold 15 per cent of UCM. A consortium of venture capitalists will hold 40 per cent.

JBA specialised in writing software

for IBM's AS/400 midrange computer family. It claims to be the US computer manufacturer's largest business associate in Europe.

Pre-tax profits last year were £4.7m when about one third of its £74.5m turnover came from the US.

Mr Vickery said there had been some interest in the placing from US investors.

JBA returned to profit in 1993.

At the placing price, the p/e based on last year's earnings is 16.3, slightly lower than the sector average.

Mr Alan Vickery, chairman, said the offer price was lower than he had anticipated two months ago, but indicated the state of the market place where stocks had not only to reflect quality but also keen pricing.

JBA specialised in writing software

for IBM's AS/400 midrange computer family. It claims to be the US computer manufacturer's largest business associate in Europe.

Pre-tax profits last year were £4.7m when about one third of its £74.5m turnover came from the US.

Mr Vickery said there had been some interest in the placing from US investors.

JBA returned to profit in 1993.

At the placing price, the p/e based on last year's earnings is 16.3, slightly lower than the sector average.

Mr Alan Vickery, chairman, said the offer price was lower than he had anticipated two months ago, but indicated the state of the market place where stocks had not only to reflect quality but also keen pricing.

JBA specialised in writing software

for IBM's AS/400 midrange computer family. It claims to be the US computer manufacturer's largest business associate in Europe.

Pre-tax profits last year were £4.7m when about one third of its £

uroDollar
riced at 220

FINANCIAL TIMES WEEKEND JUNE 25/JUNE 26 1994

INTERNATIONAL COMPANIES AND FINANCE

Low crude prices bring profits warning from Elf

By John Riddick in Paris

Elf Aquitaine, the French oil group privatised earlier this year, yesterday warned that first-half recurring operating profits would fall by about 20 per cent, compared with the same period in 1993, and that net profits would fall by a greater proportion.

In the first half of 1993, Elf achieved recurring operating profits of FF15.8m (Slm) and recurring net profits of FF21.1m. Yesterday, Elf shares fell by FF14 to FF230, compared with a price of FF285 at which they were offered to the public in February.

Mr Philippe Jaffré, chairman, said the group's exploration and production activities had been hit by low crude oil prices during the first few months of the year. Although the price of Brent crude has recovered to more than \$17 a barrel, the average price for the year to date of just under \$16 a barrel

compares with an average of \$14.30 for the first half last year.

Mr Jaffré said the impact of this factor had been lessened by reductions in exploration expenditures and through cost-cutting measures. However, industry analysts added that Elf was particularly sensitive to oil price movements.

"Elf is a much bigger producer than most other European oil groups, such as Total," said Mr Mark Flannery, oil and gas analyst at BZW. He said the rise in the oil price over the past few months should prompt a strong recovery in profits in Elf's exploration and production business.

First-half profits at Elf have been affected by weak demand in the refining and marketing sector in France and other principal European markets. In addition, operating income in this sector was reduced by the costs of restructuring the com-

pany's Minol service station network in eastern Germany.

The decline in profits will be amplified at the net level because of an increase in financial charges, according to Mr Jaffré.

The Elf chairman said measures were being implemented to reduce the group's debts, which amounted to FF152.5m at the end of last year. He said he hoped to realise about FF15m from the sale of assets this year as part of his strategy of reducing borrowings at the group.

Elf sounded a positive note with respect to its chemicals operations. According to the company, restructuring measures had reduced production costs while economic recovery in Europe had led to improved sales volumes. As a consequence, Elf said there had been a "noticeable recovery of results", in the first half of the year.

Lex, Page 24

Sherritt in Cuban mining joint venture

By Bernard Simon in Toronto

Sherritt, the Canadian metals group, is to form a joint venture with Cuba's Compania General de Niquel to mine, process and market nickel and cobalt.

The partnership is the latest move by Canadian mining and energy companies to expand their presence in Cuba in the face of US economic sanctions. Several European and Mexican industrial companies have gained a foothold in Cuba as the climate towards foreign investors improves.

The joint venture will include a mine and ore-processing facilities at Moa Bay in Cuba, as well Sherritt's refinery at Fort Saskatchewan, Alberta.

Sherritt buys a large portion of Moa Bay's output as feedstock for the refinery.

The two companies said they planned to expand and modernise the Moa Bay facilities, and would set up a joint marketing company.

France may sell CNP stake in September

By Richard Lapper

The French government could sell off part of CNP Assurances, the country's biggest life insurance company, as early as September.

Mr Patrice Ract Madoux, finance and international director, said continued weakness in the French equity markets might make the partial privatisation of CNP more feasible than that of Assurances Générales de France, the large composite insurance company which is also scheduled to be sold.

The government sold off Union des Assurances de Paris, its biggest insurer, earlier this year.

Mr Ract Madoux is expecting the government to lead a stake of between 30 per cent and 35 per cent of CNP, raising between FF15.8m and FF16.8m (\$20m-\$21.1m).

The group hopes to attract an overseas investor and has been targeting potential parties in North America and Europe.

The state would retain a 46.5

per cent interest, with the savings banks owning about 10 per cent and the post office about 17.5 per cent.

"If the market is soft we may be a test for government. We are planning to ready by early September," said Mr Ract Madoux.

"Given the state of the market it may be easier to sell a medium-sized company. It would be more digestible."

CNP has grown rapidly in recent years, increasing its sales by 50 per cent in 1993 alone.

Mr Ract Madoux said the group's sales through 17,000 post offices, 6,000 savings bank branches and 4,000 tax offices had all increased, partly because of the effectiveness of training programmes.

CNP, which specialises in a relatively simple life insurance savings product, has a market share of about 17 per cent.

The commission payments it makes to intermediaries are much smaller than those paid by France's composite companies.

Kodak hires Sculley as part-time adviser

By Martin Dickson in New York

Mr John Sculley, the former chief executive of Apple Computer, has been hired as a part-time marketing adviser by Eastman Kodak, the photographic products group in the throes of a shake-up.

Mr Sculley, who resigned as chief executive of Apple in June last year, built the computer company into a leading global brand.

He helped do the same for PepeCo, the soft-drink manufacturer, where he was a senior executive before joining Apple in 1988.

Mr Sculley, who runs his own consulting firm in New York, will spend about 25 per cent of his time on Kodak business, building its digital imaging and brand marketing strategies.

Mr George Fisher, the former chief executive of Motorola, the electronics group, who took over as Kodak chairman late last year, said he had worked closely with Mr Sculley for the past 10 years.

"I am confident John can help Kodak develop a more aggressive marketing approach," he said.

Yesterday's appointment is good news for Mr Sculley, who suffered embarrassing publicity earlier this year when he resigned from Spectrum Information Technologies, a wireless telecommunications group, after less than four months as chairman, alleging that he had been deceived about accounting problems.

Mr Fisher is making sweeping changes at Kodak, which has suffered for years from lacklustre financial results. He is keen to push the company aggressively into digital electronic imaging, which in the past has been overshadowed by the group's traditional silver halide photographic technology.

Kodak is still looking for a new senior executive to lead its digital operations and is said to have been holding talks with Mr Dan Strickland, Apple's vice-president of imaging and a former Kodak employee.

Statoil refinery scheme hit by delay

By Karen Fossal in Oslo

The construction of a condensate facility to expand the Kalundborg refinery in Denmark is expected to exceed budget by at least Dkr1.5bn (\$156m) and be delayed by at least one year. Statoil, the Norwegian state oil company and owner of the refinery, said

dards. It is expected to come on stream in the fourth quarter of 1995. The budget for the project was Dkr1.2bn but this was adjusted to Dkr1.6bn last January.

"The increases reflect delays and deficiencies in the engineering work that have had a knock-on effect in the construction phase and have created substantial extra work," said Mr Norvik.

Statoil estimates the net rate of return on the project at 6 per cent, or 10 per cent before tax.

In September, the board is to be presented with findings of an internal audit of the project which is under way. A government inquiry into the affair may be called for.

project compared with original plans. However, the project has come so far that there is no question of halting it. To ensure an acceptable completion of the project, we have made substantial organisation changes," said Mr Norvik.

Statoil estimates the net rate of return on the project at 6 per cent, or 10 per cent before tax.

In September, the board is to be presented with findings of an internal audit of the project which is under way. A government inquiry into the affair may be called for.

Repsol's promising new chapter

Enagas acquisition will lift Spanish energy group, writes Tom Burns

Mr Oscar Fanjul, the publicity-shy economist who is chairman of Repsol, Spain's partly-privatised energy and chemicals group, can afford a bit of chutzpah at the corporation's annual meeting in Madrid today.

A week ago Mr Fanjul clinched an important deal, opening a promising chapter in Repsol's history.

Gas Natural, which is 45 per cent owned by Repsol, bought Enagas, the state-owned importer of natural gas and supplier to leading industries, to become the virtual monopoly importer and supplier of gas in the fast-growing domestic market.

Repsol, whose shares are traded in London, New York, Tokyo and Madrid, becomes a hybrid among energy corporations through the addition of a greatly increased gas business to its profitable oil exploration, production, refining and marketing activities.

"Repsol is now quite unlike all the other energy groups," says Mr Luis Prota, an analyst at Madrid securities house AB Asesores. "No other oil company has this sort of big gas business, integrating supply and sales."

The Pta51.2m (\$37.8m) acquisition of 91 per cent of Enagas lifts Gas Natural's quota of the domestic gas market from 41 per cent to just over 50 per cent.

Gas Natural has an option, but not an obligation, as was originally intended, to buy Sagane from the government in 2000 for Pta50bn, a price that represents a fraction of the cost of the state's investment in building the fixed gas link.

The pipeline investment, and the original purchase figures, had prompted market fears that an Enagas takeover would drag down Gas Natural's profitability as well as Repsol's.

italisation and the fourth in terms of clients.

Gas Natural bought Enagas well below the Pta80bn-Pta20bn price range suggested when the takeover negotiations began nine months ago.

This pleased the markets, as did the terms of the deal. Repsol, together with La Caixa, the large Catalan savings bank that has a 25 per cent stake in Gas Natural, avoided the investment burden of a gas pipeline being built by Enagas to link Spain to Algeria's gas fields via Morocco.

The pipeline, due to be operational by the end of 1996, will now be built by a separate company, called Sagane, that will remain in public ownership.

Repsol has spent nearly 10 years working towards the Enagas acquisition. In the late 1980s it bought into regional gas distributors to build up Gas Madrid which it owned outright. In 1991 it merged Gas Madrid with the Barcelona-based Catalana de Gas, in which it had a 15 per cent stake, to create the nationwide Gas Natural company.

The acquisitions had full government support because there was concern that the fractured domestic gas market

would fall prey to foreign companies. Gas Madrid's merger with Catalana de Gas, for example, pre-empted a bid for the Barcelona company by British Gas.

Over the past five years Repsol's gas business has raised its contribution to group operating income to 25 per cent from 9 per cent. The weighting of gas within Repsol will increase because of the Enagas acquisition, but it was set to rise even without the takeover because of the new momentum of the Spanish government's gas policy.

Under the national energy plan, which gave the go-ahead for the Algerian pipeline to lift domestic gas supply, natural gas will have doubled its contribution to national energy consumption from the current 6 per cent to at least 12 per cent by 2000.

Repsol could not have timed the expansion of its gas business better: the turnover of Gas Natural-Enagas is likely to be Pta250bn this year and is forecast to be more than Pta600bn by 2004.

Analysts believe Repsol's annual profit could increase annually by as much as 15 per cent over the next three years.

This is the sort of message Mr Fanjul will give to shareholders today, and the timing is favourable. Repsol is expected to make a Pta200bn-Pta300bn global share offer later this year that will reduce the government's stake in the energy group to about 20 per cent from 41 per cent.



It's rise and shine for your money
at your newsagent. £1.70.

INVESTORS CHRONICLE
THE CITY INSIDE OUT

ADVERTISMENT										
BUILDING SOCIETY INVESTMENT TERMS										
Bank of Scotland	Product	Start	End	Rate	Rate	Interest	Minimum	Access and other details		
	Special Edition	7.20	7.20	5.40	5.40	Varied	£10,000-£50,000 plus 10% of bal without pen.	Rate variable		
Banffshire								£10,000-£50,000 plus 10% of bal.		
Banffshire Middletons								25 days notice required inc. ec.		
Banffshire & Blyay								£10,000-£50,000 plus 10% of bal.		
Bathgate (0772 67347)								25 days notice required inc. ec.		
Cardiff (0222 277 672)								£10,000-£50,000 plus 10% of bal.		
Cardiff & Gloucester (0222 27252)								25 days notice required inc. ec.		
City & Metropole								£10,000-£50,000 plus 10% of bal.		
Hull*								25 days notice required inc. ec.		
Lands End (01752 67511)								£10,000-£50,000 plus 10% of bal.		
Lands End (01752 67511)								25 days notice required inc. ec.		
Lands End (01752 67511)								£10,000-£50,000 plus 10% of bal.		
Lands End (01752 67511)								25 days notice required inc. ec.		
Lands End (01752 67511)								£10,000-£50,000 plus 10% of bal.		
Lands End (01752 67511)								25 days notice required inc. ec.		
Lands End (01752 675										

WEEK IN THE MARKETS

Bulls back off at metal exchange

London's commodity markets appeared to be heading for an up-beat end to the week yesterday morning with aluminium, coffee and cocoa prices registering significant gains. But the mood changed after lunch as the bulls went into retreat.

Aluminium's rise, which took the three months delivery position at the London Metal Exchange to a 28-month high of \$1,505 a tonne, was encouraged by news of a big fall in exchange warehouse stocks - the third in a row - which traders saw as confirmation that the voluntary output reductions announced following the agreement reached by leading producing countries in

trimmed more off the gains after an early rally yesterday and the three month price closed at \$1,467.50 a tonne, down \$15 on the day but still \$20 up on balance. The selling was influenced by a smaller than expected LME stocks fall, traders said, and by improved availability of metal for immediate delivery.

"Copper will get back above \$2,500 and aluminium above \$1,500, once the reactions are out of the way," one trader told Reuters, however. "When that happens we will see the others being bought also."

The London Commodity Exchange robusta coffee ended in see-sawing week near its lows after a strong early rise yesterday was surrendered during the afternoon.

The rally, which lifted the September futures price by \$55 to \$2,325 a tonne, had been prompted by a warning of a possible frost in Brazilian growing areas at the weekend. But traders quickly came to the conclusion that the rise had been overdone, if not unjustified, and the price subsided to end at \$2,255 a tonne, up \$15 on the day but \$75 down on the week.

"It's been a tale of rumour and counter-rumour today," a dealer told Reuters. "There was a period of short-covering earlier, then when the forecasts were seen as not so bad there was light general selling."

"It seems it's going to be cold [in Brazil] and there's a possibility of frost," said another, "but it could be a case of buy the rumour, sell the confirmation."

Cocoa futures followed a similar pattern, and for the similar reasons. The September LCE price bounced to \$291 a tonne before closing \$11 down at \$286. That took the fall on the weak to 27%.

At London's International Petroleum Exchange Brent crude oil futures traded uncertainly in its new, higher range, ending the week a few cents lower. But traders remained optimistic that fundamentals remained positive and that the upward trend was intact.

Richard Mooney

January were beginning to bite.

As the metal topped the \$1,500 mark, however, concerns were raised about the possibility that more remunerative prices might encourage companies to reverse some of the cuts.

"An awful lot of producers who have cut back must now be wondering if they should think about re-starting some of those pot-lines," Mr Anthony Bird, of industry specialists Anthony Bird and Associates, told the Reuters news agency.

That helped to undermine sentiment and by the close the three month price was back to \$1,460.50 a tonne, up just \$3 on the day and \$20 on the week.

The copper market had already begun drawing in its horns after its spike on Thursday to a fresh 21-month high of \$2,507 a tonne for three months delivery.

Renewed profit-taking

WEEKLY PRICE CHANGES

	Latest price	Change on week	Year ago	1984
Gold per Troy oz	\$391.70	+\$50	\$376.45	\$396.50
Silver per Troy oz	\$225.20	-\$10	\$262.50	\$244.50
Copper	\$4.00	+0.05	\$3.95	\$3.75
Lead	\$0.30	-0.05	\$0.30	\$0.20
Nickel	\$0.30	-0.05	\$0.30	\$0.20
Zinc	\$0.30	-0.05	\$0.30	\$0.20
Iron	\$7.85	-0.05	\$8.00	\$8.00

For some unless otherwise stated, p. previous; c. Cents £. x Aug

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

ECONOMIC DIARY - FORWARD EVENTS

TOMORROW: Ukrainian presidential election. Summit of CRA franc zone heads of state in Libreville.

MONDAY: GB cinema exhibitors (May), US personal income/spending (May) and factory orders (May). Japan's industrial production figures (June). Hong Kong's legislative council debates democratic reform bill. RTT signalmen expected to stage one-day strike. Henley Royal Regatta begins.

TUESDAY: New vehicle registrations (May). Energy trends (June). Monthly digest of statistics (June). Family expenditure survey 1993. New Zealand budget to be presented to parliament. British parliamentary by-election in the seat of Monklands East.

FRIDAY: US leading indicators (May); NAPM index (June); construction spending (May).

Germany takes over the presidency of the European Union. Brazil to introduce new currency. Spring-summer men's fashion shows start in Paris (until July 4). Russia's oil export quotas and licences for extracting companies due to be scrapped.

Higher annual report.

WEDNESDAY: Welsh economic trends (1994). US final GDP (first quarter); factory orders (May), personal income/spending (May) and factory orders (May). Japan's industrial production figures (June).

THURSDAY: New vehicle registrations (May). Energy trends (June). Monthly digest of statistics (June). Family expenditure survey 1993. New Zealand budget to be presented to parliament. British parliamentary by-election in the seat of Monklands East.

FRIDAY: US leading indicators (May); NAPM index (June); construction spending (May).

Germany takes over the presidency of the European Union.

Brazil to introduce new currency. Spring-summer men's fashion shows start in Paris (until July 4). Russia's oil export quotas and licences for extracting companies due to be scrapped.

British Coal pub-

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

ALUMINUM ALLOY (\$ per tonne)

LEAD (\$ per tonne)

ZINC (\$ per tonne)

NICKEL (\$ per tonne)

MARKETS REPORT

Support fails

Central banks launched large scale co-ordinated intervention to support the dollar but the US currency was unable to sustain brief gains, writes Motoko Rich.

Taking their lead from the US Federal Reserve, a legion of central banks repeatedly purchased the dollar in a move the markets had been anticipating all week.

The dollar at first rallied after the intervention began in the European afternoon, gaining more than a yen and about a penny and a half. But although the Fed was still seen purchasing the US currency after 3:00 pm GMT, the dollar lost most of its ground by the close of London trading.

The dollar ended in London at DM1.5972, down from DM1.6035. Against the yen, it closed at Y100.90, down from Y101.150.

■ Analysts said the intervention had reinforced market

cynicism about central bank action. "The intervention has been a miserable failure," said Mr Tony Norfield, UK treasury economist at ABN/AMRO bank. "They have not stopped off any speculative trading."

Although later denied, reported comments from Bank of Japan governor Yasushi Mieno about the inability of intervention to "dictate currency levels" kept the markets bearish.

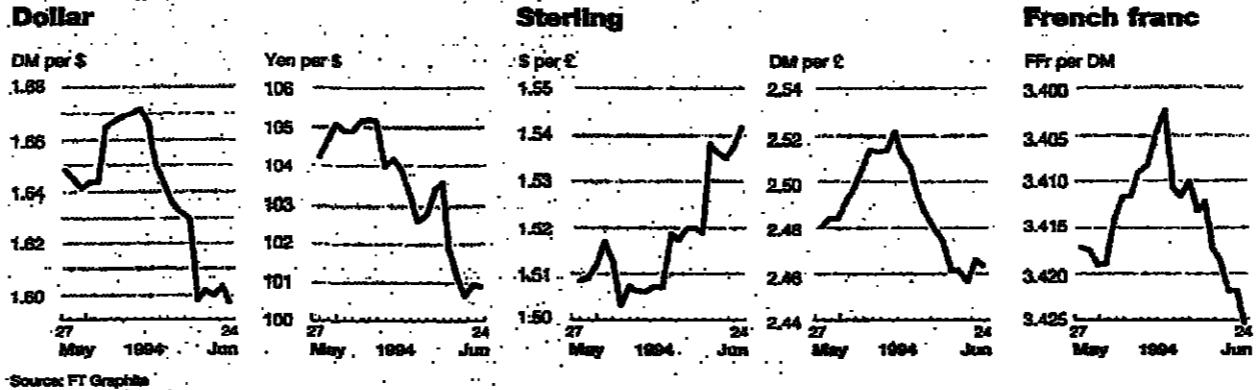
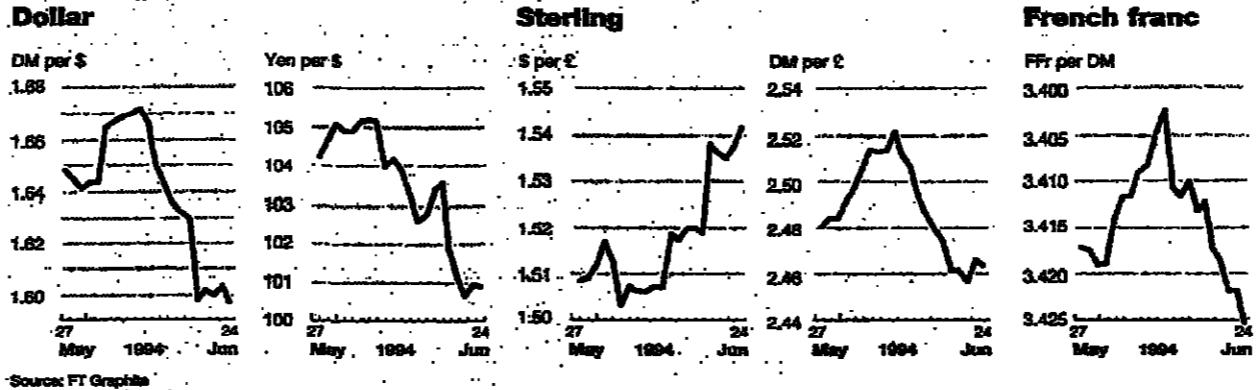
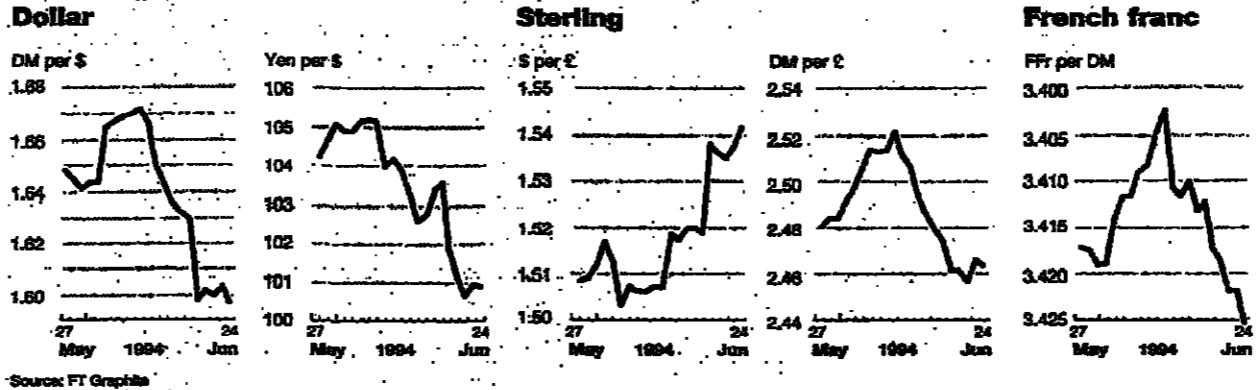
The dollar was falling below Y100.60 and DM1.5950 when the Fed began the co-ordinated intervention around 13:30 GMT by buying dollars for Y100.95. It then followed about ten minutes later by buying the US currency for DM1.6070/80. In the meantime, other central

banks had also started to buy the dollar.

As many as 17 central banks bought dollars in an effort similar to the group action taken on May 4. The extent of the intervention was understood to be between \$2bn and \$3bn, primarily from the Fed.

The central banks briefly turned sentiment towards the dollar, which rose to a high of DM1.61 and Y101.90. But the action failed to push the dollar above key technical levels which analysts placed at DM1.6250 and Y102.50.

The dollar was falling below Y100.60 and DM1.5950 when the Fed began the co-ordinated intervention around 13:30 GMT by buying dollars for Y100.95. It then followed about ten minutes later by buying the US currency for DM1.6070/80. In the meantime, other central

CURRENCIES AND MONEY**Dollar****Sterling****French franc****MONEY MARKET FUNDS****Money Market Trust Funds**

NAME	TYPE	CODE	PRICE	YIELD
CAF Money Management Co Ltd	Open Ended Fund	071-70114	1.00	4.23%
Charlottes Ltd	Open Ended Fund	071-70114	1.00	4.23%
Charlottes Ltd P/C	Open Ended Fund	071-70114	1.00	4.23%
The Cofn Charlottes Deposit Account	2 Year Gilt	071-5651015	1.00	4.14-1.5%

Fidelity Money Market Account
Fidelity Financial Services Ltd
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Hollings Bid & Offer Reserve Account
Hollings Securities Ltd
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Julian Hodges Bank Ltd
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Humberstone Finance Group
5 Humber Way, Poole, Dorset BH1 5JW
0703-2200000
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Hurley Mutual Unit Trust - Income Plan
Hurley Josephs & Sons Ltd
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Albion House Bank plc
50 Queen Victoria Street, London EC4V 4AB
071-8056070
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Bank plc
100% Gilt Fund, London EC2R 8AF
071-8056070
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Bathgate Bank plc
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

American Express Bank Ltd
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Lloyds Bank - Investment Account
Lloyds Bank, London EC2R 8AF
071-8056070
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Midland Bank plc
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Nationwide Building Society - Domestic Branches
125 Queen Victoria Street, London EC4V 4AB
071-8056070
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Permanant Building Society Account
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Prime Account (USA)
Barclays Prime Account (USA)
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Prime Account (UK)
Barclays Prime Account (UK)
100% Gilt Fund, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Bank of Scotland Select
Bank of Scotland Select, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Bank of Scotland
Bank of Scotland, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Bank of Scotland - Domestic Branches
Bank of Scotland, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Domestic Branches
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Overseas Branches
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

Barclays Shipton & Co Ltd - Permanent Building Society Account
Barclays Shipton & Co Ltd, London EC1V 9AD
071-5651015
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00
£1,000.00 - £1,000,000.00

LONDON STOCK EXCHANGE: Dealings

Details of business done show below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talieman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.

* Bargains done the previous day.

British Funds, etc

Treasury 13.5% Shd 2000/03 - £125p - 125p
Bankers 10-1/4 Shd 2005 - 1212p - 1212p

Corporation and County Stocks

London County 2-1/2 Cons Shd 1990 (after 1995) - 225p
Blackdown Corp 4% Cons Shd 1991 - 540p
British City 11-1/2% Red Shd 2004 - 2115p
Leeds Corp 3% Red Shd 1997 (after 2001) - 214p
Manchester City 11.5% Red Shd 2007 - 2115p

UK Public Boards

Chichester Dist 5% Shd 2001 (after 2004) - 230p
Port of London Authority 5% Port of London Shd 2000 - 2714p

Foreign Stocks, Bonds, etc (coupons payable in London)

Abbey National Sterling Capital PLC 5% Shd 1st Ord 2004/2006 - 2125p
Abbey National Sterling Capital PLC 10-1/2% Subsd 1st Ord 2004/2006 - 2103p
Abbey National Treasury Sec PLC 8-1/2% Shd 1998 (Br 5 Var) - 2304p

Abbey National Treasury Sec PLC 8-1/2% Shd 2003 (Br 5 Var) - 2312p - 2313p

Aer Lingus Group 4% Subsd 2001 (2001/2003) - 2117p

Argo Fund PLC 25-1/2% Bds 2000/2002 (Br 2 Var) - 254p - 254p

ASDA Group PLC 25-1/2% Bds 2000/2002 (Br 2 Var) - 254p - 254p

ASDA Group PLC 10-1/2% Bds 2000/2002 (Br 2 Var) - 254p - 254p

Banca BSF 10-1/2% Shd 2000/2002 (Br 2 Var) - 254p - 254p

Barings PLC 9-1/2% Pfd Subsd 2001 (2001/2003) - 2124p

Barclays Bank PLC 9-1/2% Bds 1999 (Br 5 Var) - 2312p

Barclays Bank PLC 9-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 1999 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2002 (Br 5 Var) - 2312p

Barclays Bank PLC 10-1/2% Bds 2

LONDON STOCK EXCHANGE

MARKET REPORT

Footsie at new 1994 low on dollar's problems

By Terry Byland,
UK Stock Market Editor

The UK stock market plunged through its low point for the year yesterday, closing at its lowest level since July 1993, as fears grew that the apparent failure of central bank intervention to protect the dollar may force the US Federal Reserve to raise interest rates.

Although equity trading was not heavy, share prices collapsed as the dollar continued to fall. The FTSE 100 Index declined nearly 66 points to close at the day's low after one of the largest daily setbacks of the year. The final reading showed the FTSE Index down 65.8 at 2,787.8.

Interest rate fears were fuelled from the US market, where the Dow Industrial Average was down 40 points when London closed. Almost

the whole of the Footsie 100 list was savaged, with the US interest-related shares dying with dollar stocks in the setback. The market closed without a glimmer of recovery, with traders convinced that unless action was taken over the weekend, the dollar and the securities markets would face a furtherounding next week.

British government bonds had a turbulent session. After falling at first as the dollar weakened, gilt-edged securities quickly rallied and briefly moved into positive territory when it was confirmed that the central banks had taken action in the currency markets.

But the bond market turned down again sharply as selling of the dollar was renewed. By the close of trading, short-dated gilts, the most closely linked to UK base rates,

were 5% down. The longs, continuing to express fears of inflation ahead, shed 4% index-linked gilts, the market's inflation hedge, slipped 3%.

In the equity market, losses across the broad range of equities were reflected in a fall of 62.7 to 3,374.0 on the FTSE Mid 250 index, which covers an extended list of blue-chip and second-line stocks.

However, equity volume, as measured by the Seag electronic net-

work, recorded a total of only 450.2m shares, a relatively low figure and nearly 17 per cent down on Friday; non-Footsie shares made up about 55 per cent of yesterday's total. The poor volume figure bore out comments from several leading securities houses that the current weakness of UK equities has been caused by unwillingness of the institutions to buy shares rather than by heavy selling pressure.

Several leading securities firms again drew attention to valuations of equities against bonds, suggesting that these implied that UK shares were not overvalued at current levels. Traders said that there was "some selling" at the opening when international clients reacted to the fall in the US dollar in New York and Tokyo. "But after that it

was too late to sell," said one dealer.

The Footsie managed to regain the 2,900 mark briefly when bonds turned higher as the central banks intervened to support the US currency. This was also seen as some optimists as an indication of underlying support for equities.

But the finally convincing loss of the Footsie 2,900 level was an alarming development for the equity chartists who now fear that the market could be vulnerable down to the 2,800 mark unless more determined action is taken to settle the US currency.

Some comfort was also taken from the rapid, albeit temporary, recovery in the bond market at mid-session. Volatility in this market has been a prime factor in unsettling equities.

TRADING VOLUME

Major Stocks Yesterday									
	Vol.	Closing	Day's	Vol.	Closing	Day's	Vol.	Closing	Day's
	000s	Yester.	price	000s	price	change	000s	price	change
ASCA Group	10,000	521	-1	London	1,600	-1			
Abercrombie	1,000	49	-1	London	1,600	-1			
Albert Heijn	1,000	49	-1	MPEC	280	-1			
Anglo American	2,600	562	-14	MFI	218	130.2			
Anglo West	1,251	562	-14	Marlboro	1,000	-1			
Argent	1,200	303.5	-1	Mars & Spencer	300	303	-1		
Argus Group	3,000	223	-1	Midlands	360	547	-14		
Artis Worldwide	1,000	505	-1	Mitsubishi	210	208	-2		
Asic	504	100	-1	NFC	280	285	-5		
Asic Fin. Fonds	200	100	-1	Newline Bank	3,200	485	-11		
Bant	4,800	173	-5	Nextel Power	244	244	-1		
BAT Ind.	1,000	125	-1	Nextel	655	654	-1		
BBC	1,000	125	-1	North West Water	200	487	-15		
BPI	656	700	-1	Novartis	1,000	100	-1		
BPS Ind.	5,200	345	-5	Orbit	1,100	195	-1		
BTC	1,100	265	-1	Paragon	1,200	255	-1		
BT	4,100	385	-1	P & C	1,200	255	-1		
BTI Pensions	2,000	245	-1	PatentBox	1,000	245	-1		
BTM	2,400	145	-1	Prudential	2,300	250	-10		
Bank of Scotland	2,100	188	-1	RBS	1,000	188	-1		
Barclays	2,200	188	-1	RTZ	1,000	188	-1		
Barclaycard	1,200	277	-3	Rusal	988	225	-5		
Barclays	750	225	-1	Ruston & Colman	1,200	225	-1		
Barclays Bank	344	245	-1	Rutherford	1,100	477	-4		
Barclays Capital	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Merchant	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust	2,500	374	-1	Ryder	1,200	255	-1		
Barclays Trust	1,600	474	-1	Ryder	1,200	255	-1		
Barclays Trust</									

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

The Crescent, King St, Leicester LE1 6RQ 0632 319500
Proprietary Director: Madeline S. H. 94.48 96.13 194.51 1.04

Guide to pricing of Authorised

Compiled with the assistance

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid

OFFER PRICE- Also called base price. The

BID PRICE: Also called redemption price.

CANCELLATION PRICE: The minimum

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the administrator. It

formula laid down by the government. In practice, most rail trust managers quote a much narrower spread. As a result, the bid price is often set above the reservation price. However,

price set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large surplus.

TIME: The time shown alongside the food

Manager's Name is the title of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust.

The symbols are as follows: (V) - 0001 to 1100 hours; (A) - 1101 to 1400 hours; (P) - 1401 to 1700 hours; (N) - 1701 to midnight.

Daily closing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will eventually close on the note set at the most recent valuation. The

price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current trading levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The manager must deal at a forward price on request, and may switch to forward pricing.

FORWARD PRICING: The letter F denotes

But the managers deal at the price to be set on the fixed valuation. Investors can be given no definite price to advance of the purchase or sale

being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained from us.

scheme particulars can be obtained free of charge from local authorities.

**Other explanatory notes are contained in
the last column of the
ST Microelectronics
Data Sheets.**

**FT Managed Funds Service,
SG Life Assurance and Holt Trust
Regulatory Department,**

**University of London,
Centre Point,
103 New Oxford Street, London WC1A 1HN.
Tel: 071-379-5444.**

TIME: The time shown alongside the food manufacturer's name is the time of the last trout's validation point unless another time is indicated by the symbol alongside the individual unit trout curve. The symbols are as follows: (V) - 0001 to 1100 hours; (W) - 1101 to 1400 hours; (A) - 1401 to 1700 hours; (B) - 1701 to midnight. Daily shooting privileges are set on the basis of the validation point; a short period of time may elapse before prices become available.

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

MANAGED FUNDS NOTES

Prices are in dollars unless otherwise indicated and may be adjusted & won't be paid prior to 10 A.M. Chicago time except for all buying expenses. Prices of certain other managed funds listed below are subject to capital gains tax as well.

Distribution Tax of U.S. Trust Co. A periodic premium insurance charge is levied on each unit of a U.S. Trust Co. Managed Fund. The amount of the premium varies according to the type of fund selected.

Dividends. A dividend will be distributed quarterly. A December 31st dividend is payable January 15th. A Premium day's price is \$10.00 per share. Dividend is suspended if Yield before January 1st is 2x-Redemption. Only available to Portfolio clients. A December 31st dividend is payable January 15th. A Premium day's price is \$10.00 per share. Dividend is suspended if Yield before January 1st is 2x-Redemption.

• Funds rec'd 20% recognized. The regulatory authorities of these states are: Arkansas: Financial Institutions Department; Colorado: Board of Finance and State Tax; Florida: Department of Banking and Insurance; Georgia: Department of Banking and Finance; Illinois: Department of Financial Institutions; Indiana: Department of Banking and Finance; Kansas: Department of Banking and Finance; Louisiana: Department of Banking and Finance; Michigan: Department of Financial Institutions; Missouri: Department of Banking and Finance; North Carolina: Department of Banking and Finance; Oklahoma: Department of Banking and Finance; Pennsylvania: Department of Banking and Finance; Rhode Island: Department of Banking and Finance; Tennessee: Department of Banking and Finance; Texas: Department of Banking and Finance; Wisconsin: Department of Banking and Finance.

WORLD STOCK MARKETS

AMERICA

US stocks sharply lower at midsession

Wall Street

US stocks plunged yesterday morning amid an ineffective effort by the world's central banks to prop up the falling dollar higher, writes Frank McCourt in New York.

By 1pm, the Dow Jones Industrial Average was down 30.69 at 3,668.33, as the blue chip stocks were swamped by several waves of computer-guided selling. The NYSE imposed its "up tick" restrictions on program trading at 11am, after the Dow's decline crossed the 50-point threshold.

But the losses were not confined to the blue chips, as in other recent sessions. The more broadly based Standard & Poor's 500 was 3.73 lower at 445.50.

Declining issues on the NYSE outnumbered advances, 1,992 to 422 in moderate volume of 1.82m shares.

EUROPE

Bourses unimpressed by dollar intervention

Central bank intervention in support of the dollar was unable to rescue bourses yesterday afternoon, writes Our Market Staff.

FRANKFURT wrote an unsettled and gloomy end to the official week, down 2.2 per cent and closing with the Dax index 18.79 lower at 2,005.68.

There was a brief recovery later, as the Dax-based Dax subsided again to close at 2,005.07. "Currency intervention never lasts," said a broker. "It's an emergency signal, a bit of a panic measure, and it shows that something is radically wrong."

Turnover fell from DM9.2bn to DM7.6bn. Activity was dominated by another sharp fall in Deutsche Bank, which ended DM16.20 lower at DM69.80, after DM68.3, down 8.5 per cent on the week.

The stock's outlook has been clouded by investor worries about the bank's exposure to volatile debt markets and recent property scandals.

PARIS fell away sharply in line with the trend among the late closing markets with the CAC-40 index finishing just above the 1,900 support level at

1,907.02, a decline of 32.00 for the session and 1.4 per cent for the week. Turnover on the first day of the new account was estated at some FFr3.4bn.

In spite of the overall gloom mood some bright spots could be found among equities. Sanofi improved FFr3.6 to FFr3.63 in reaction to Thursday's news that it was buying Sterling Winthrop's prescription drug business, while some of the companies which have been forecasting better earnings prospects also turned positive. St Gobain up FFr2 at FFr643 and Michelin adding FFr6.70 at FFr221.50.

There was more bad news for Euro Disney, suspended limit down at one stage before closing down FFr3.10 or 15 per cent at FFr12.50. There has been considerable technical trading in the shares as double growth about the aftermath of the ongoing FFr6.70 rights issue.

Eif Aquitaine slipped FFr14 to FFr3.60 as the group issued a profits warning.

ZURICH ended under renewed pressure. The SMI index fell through support at the 2,580 level, losing 49.5 to

support level, and share prices broke into a free-fall which was finally broken when the program-trading "collar" was put in place.

The morning's events suggested the Fed may have no choice but to lift interest rates again. As a result, the share prices of companies which would suffer the most from an economic slowdown were the hardest hit yesterday. Alcoa dropped \$1 to \$73.3M lost \$1 to \$69.2 and International Paper shed \$1 to \$83.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Surprisingly, technology issues held up fairly well, thanks in part to bargain hunting.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of United, fell 1.5% to \$122.4M and AMR, parent of American, dropped \$1.6 to \$57.7. Roadway, a trucking company, was down \$2 to \$65.

Transport issues flagged, with the Dow Jones Transportation Index showing a 21-point decline, or 1.30 per cent, to 1,604.63. Among the airlines, UAL, parent of

LONDON SHARE SERVICE



FINANCIAL TIMES

Weekend June 25/June 26 1994

brother.
TYPEWRITERS • WORD PROCESSORS
PRINTERS • COMPUTERS • FAX

Group will vote at AGMs against directors' three-year deals

Postel draws line on contracts

By William Lewis

Postel, the £20 billion investment management group, is to vote at company annual meetings against the re-election of directors who have rolling employment contracts longer than two years.

The decision comes after concern was expressed over large pay outs to directors when they are forced to resign. Directors with three-year rolling contracts can receive up to three times their basic salary if they are forced out.

Implementation of the policy will begin "with the AGM proxies we start filling in Monday". Mr Alastair Ross Goobey, chief executive of Postel, said yester-

day. Among directors likely to be immediately affected are those of several privatised electricity and water companies which are still to hold their AGMs.

It is also likely to lead Postel, which handles investment for the Post Office and BT pension funds, into conflict with the directors of rival fund management organisations. For example Mr Mick Newmarch, chief executive of Prudential Corporation, has a three-year service contract against which Postel will vote.

Mr Ross Goobey, said yesterday he hoped other institutional shareholders would back his campaign. However, Mr Michael Sandland, chief investment manager of Norwich Union, said: "We have not been supporters of con-

tracts which are three-year rolling contracts but we have no current plans to follow Postel."

The action was also heavily criticised by those directors who are likely to be targeted. Mr Peter Hunt, chairman of Land Securities, defended three-year rolling contracts.

They are "normal and best current practice," he said. "You have to have three-year contracts to attract and retain top people, otherwise you would have to pay higher salaries. Three years' notice works both ways."

Postel's move follows last May's letter from Mr Ross Goobey to the chairman of FTSE 100 companies in which he said: "Postel will vote against the re-appointment of any director with more than a two-year rolling period of notice."

See Lex

Independent plans price war protest

By Kevin Brown, Raymond Snoddy and David Wighton

Mr Andreas Whittam Smith, the main founder of The Independent, plans to go to the Office of Fair Trading next week to accuse Mr Rupert Murdoch's News Corporation of predatory pricing by reducing the cover price of The Times to 20p.

The renewed accusation that Mr Murdoch is trying to drive other papers such as The Independent out of the market through such tactics was backed by Mr Robin Cook, the shadow trade and industry secretary.

He wrote yesterday to Sir Bryan Carsberg, the director-general of fair trading, urging him to investigate the national

newspaper pricing war.

As the row over the price-cutting intensified, the Stock Exchange said it had found no evidence that last month's sale of 12.5m shares worth £73m in The Telegraph group by its proprietor Mr Conrad Black had any connection with this week's cover price cut of The Daily Telegraph from 45p to 30p.

The investigation had been asked for by the institutions which bought the shares, now worth 23m less because of the cover price cut. Telegraph shares fell another 17p to 33p yesterday compared with the price of 58p at which Hollinger, Mr Black's Canadian holding company, sold the shares.

In the national newspaper

industry, it became clear yesterday that few, if any, other national newspapers plan to enter the price-cutting battle - at least for the time being.

The exception is The Independent which may soon reduce its price from 50p. The rise that took it to that figure came at the time of the initial Times cut from 45p to 30p and is now acknowledged as a mistake. It is likely to go to 45p, in line with The Guardian following pricing experiments by The Independent which suggested a significant circulation boost at that figure.

The paper first complained to the OFT about predatory pricing last September when The Times went to 30p - a complaint that was rejected. The company feels

its case is much stronger now.

Mr Matthew Symonds, the paper's executive editor, said yesterday: "If this is not predatory pricing, I don't know what is."

When The Times was at 45p, Mr Symonds said, the news trade received 17.5p of the cover price and News Corporation 27.5p. Because the news trade margin had been fully protected, News International was now receiving around 2.5p for each copy.

Mr Cook told Sir Bryan that a reduction of competition if other titles were forced out of the market would not be in the interests of readers.

New battleplan for Waterloo, Page 8 See Lex

Low countries see red and orange in needle matches

By Ronald van de Krol in Amsterdam

Deep-seated rivalry between the Netherlands and Belgium will surface today in two highly-contested matches played between determined teams in far-flung, sunny settings.

On the Greek island of Corfu, Mr Ruud Lubbers, the Dutch prime minister, will seek to prevent victory by his Belgian counterpart, Mr Jean-Luc Dehaene, in a closed-door contest to succeed Mr Jacques Delors as president of the European Commission.

Meanwhile, the US will host Dutch-Belgian competition of a more open kind at the football World Cup. In the midday heat of Orlando, Florida, Belgium's "Red Devils" squad will be meeting the "Orangemen" - the national side of the Netherlands.

Fixtures involving the two countries are always favourites with the fans, but this match has taken on added significance because of the unusually hard-fought battle between Mr Lubbers and Mr Dehaene for the right to assume the mantle of

"Mr Europe". Diplomatic relations between the Dutch and the Belgians are usually correct but the two countries have a complicated love-hate relationship sprung from a shared history.

The Belgians may have seceded from the United Netherlands in 1830, but the language, literature and culture of the Dutch-speaking part of Belgium and "big brother" Holland to the north are inextricably intertwined.

This link has brought irritations and jealousy, and Belgian jokes in the Netherlands are as safe as Dutch jokes in Flanders.

The Dutch like to see the Belgians as drink-loving layabouts mired in political squabbles. There is also grudging respect for the Flemish and their efforts to safeguard the Dutch language.

To the Belgians, the stereotypical Dutchman is stingy with money, lacking in culture and devoid of gastronomic finesse. Above all, he is loud and overbearing, especially when visiting Belgium. In fact, Belgian resentment of their more volatile neighbours is distinctly similar to the aversion of the Dutch to

crowds of German holidaymakers in their own country.

Indeed, Dutch passion about the succession to Mr Delors is not directed so much at Belgium, a fellow small country in the European Union, as it is at Germany, Mr Dehaene's main supporter.

This attitude was neatly captured by a political cartoon in the Amsterdam daily Het Parool showing German Chancellor Helmut Kohl with a tiny Mr Dehaene in his shirt pocket.

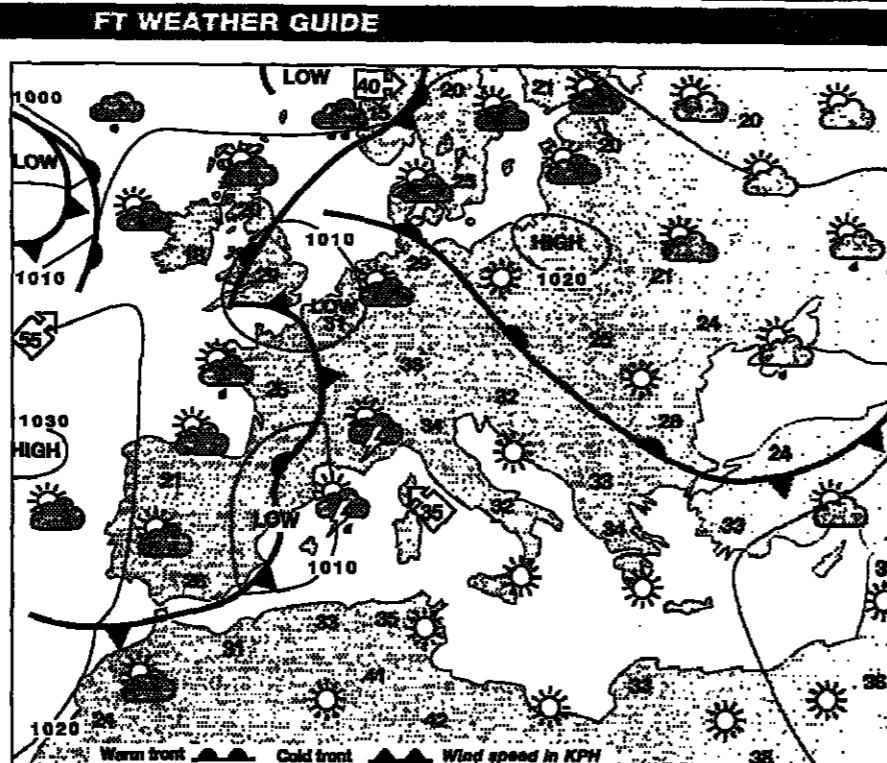
The caption read: "The right man in the right spot", under scoring Dutch perception of Mr Dehaene as a potential puppet for German interests.

It is therefore just as well the Germans and the Dutch - whose sporting encounters have tended to rekindle unresolved anger dating from the second world war - have yet to meet on one of the football fields of the US while the question of Mr Delors' succession remains unresolved.

The ministry has said it will meet costs arising from the government's 1992 decision to extend the production period. However, it was not prepared to pay for delays for which, in its view, Dasa was responsible.

"The question will be largely decided by how much industry is prepared to budge," a ministry spokesman said. "We're staying put."

Summit reports, Pages 2 & 3
Union Jacques Delors will be fearing, Weekend J
World Cup, Weekend XIV



Europe today

Sunny conditions with plenty of sunshine will prevail over a large area. Temperatures will rise between 28C and 34C from Denmark to Italy. Meanwhile, a frontal zone from Spain to the Channel will lead to rain and thunder showers near the Atlantic seaboard. Heavy thunder showers over western France and Spain will spread eastwards in the afternoon. During the showers, temperatures will fall to 22C in western areas. There will be sunshine in the far east and the north. Showers will take place over central parts of the British Isles, but south-eastern England will be hot and sunny. Eastern Scandinavia will improve briefly, but fresh rain and wind will lash the Norwegian coastline. North-eastern Europe will stay mainly cloudy with occasional showers in the north. The Ukraine will have showers.

Five-day forecast

A heat wave will flow further east, accompanied by heavy thunder showers over central and southern Europe. After a slightly cooler day in western Europe, temperatures will rise again next week. Conditions in Scandinavia will remain unsettled.

TODAY'S TEMPERATURES

	Maximum	Beijing	Caracas	Shower	26	Faro	Cloudy	28	Madrid	Shower	31
Abu Dhabi	sun	41	Barcelona	cloudy	28	Frankfurt	sun	29	Rome	fair	21
Acra	shower	28	Bern	sun	31	Glasgow	cloudy	28	Stockholm	cloudy	24
Algiers	fair	33	Bermuda	fair	30	Hamburg	shower	20	Milan	rain	31
Amsterdam	sun	29	Bogota	fair	18	Dakar	fair	21	Montevideo	sun	21
Athens	sun	33	Boscombe	cloudy	30	Helsinki	fair	21	Montreal	rain	27
Austria	cloudy	31	Brussels	sun	35	Hong Kong	shower	22	Seoul	thunder	30
Bilbao	fair	7	Budapest	sun	33	Dubai	sun	30	Stockholm	fair	29
Bangkok	shower	33	Copenhagen	fair	24	Dubrovnik	sun	30	Toronto	rain	26
Barcelona	thunder	25	Cairo	fair	26	Dubrovnik	sun	32	Toronto	cloudy	15
Berlin	sun	25	Cape Town	cloudy	14	Edinburgh	shower	31	Toronto	rain	28
Buenos Aires	sun	41	Edinburgh	shower	19	Jersey	thunder	27	Toronto	fair	22
Catania	cloudy	28	Edinburgh	shower	19	Karachi	shower	31	Toronto	rain	28
Copenhagen	sun	24	Edinburgh	shower	19	Khartoum	sun	33	Toronto	cloudy	24
Denmark	sun	31	Edinburgh	shower	19	Kuala Lumpur	sun	32	Vancouver	shower	22
Dubai	sun	33	Edinburgh	shower	19	Lagos	shower	31	Vancouver	sun	30
Egypt	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Finland	sun	24	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
France	sun	33	Edinburgh	shower	19	Lima	cloudy	31	Vancouver	sun	30
Greece	sun	33	Edinburgh	shower	19	Lisbon	shower	21	Vancouver	sun	30
Iceland	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Ireland	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Italy	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Malta	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Netherlands	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Norway	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Portugal	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Spain	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Sweden	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Switzerland	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
UK	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Ukraine	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30
Yugoslavia	sun	33	Edinburgh	shower	19	London	sun	32	Vancouver	sun	30

Our service starts long before takeoff.

Lufthansa
German Airlines

is on a rolling contract of more than 12 months."

Mr Ross Goobey said yesterday a number of companies had recently reduced their contracts to two years. One-year contracts remained his preference but "to vote against two-year contracts would send inappropriate signals to those boards of directors who have shortened contracts from three years."

Postel stressed that only in "exceptional circumstances" would it not vote against an offending director's re-appointment. It said it would normally vote against the re-appointment of any director with more than a two-year rolling period of notice.

The central banks seem simply to have stored up more trouble for themselves with yesterday's foreign exchange market intervention. The dollar recovered against the yen for a while, but the D-Mark was quickly stronger than before. The central banks were clearly wrong if they thought they could catch dealers on the hop in quiet pre-weekend markets.

In fact, it seems they were simply giving speculators a chance to unload long dollar positions which should have been unwound long ago. Nor can intervention without supporting action on interest rates do the trick.

Having shown their hand, the central banks cannot easily stop here. There may be no pressing domestic need for higher US rates while the onset of recovery and excessive money supply growth hardly call for a cut in Germany. But the authorities are damned both ways. Unless they can stabilise the dollar, the US bond market, from which other markets around the world take their lead, looks vulnerable. If US interest rates are raised, though, there is a risk of yet more turbulence in the markets.

MARKETS

London

Powerful men with money to burn

Roderick Oram

One – often futile – way to prop up flagging paper assets is to allow powerful men with money to burn to intervene in the marketplace.

Central bankers tried it with the dollar yesterday with limited success. Earlier in the week, Conrad Black and Rupert Murdoch tried it with their flagship newspapers, slashing cover prices of the Daily Telegraph and The Times to stimulate circulation.

The likely outcome will be the same in both cases: much money will be spent but for negligible net gain. Some currencies and newspapers will rise, others will fall while the men who tried to move the markets will be a lot poorer.

The currency effect on global markets was dramatic from the opening of trading on Monday. The dollar weakened rapidly particularly against the yen and D-Mark. Factors cited ranged from worries about rising US inflation, worsening US-Japan trade relations and

accelerating growth in Germany.

Bonds in the US and Europe took fright, dragging down equities with them. The FT-SE 100 index shed a net 146.3 points to end the week at 2,376.8, its lowest mark since July 26. But few people resorted to ditching their shares.

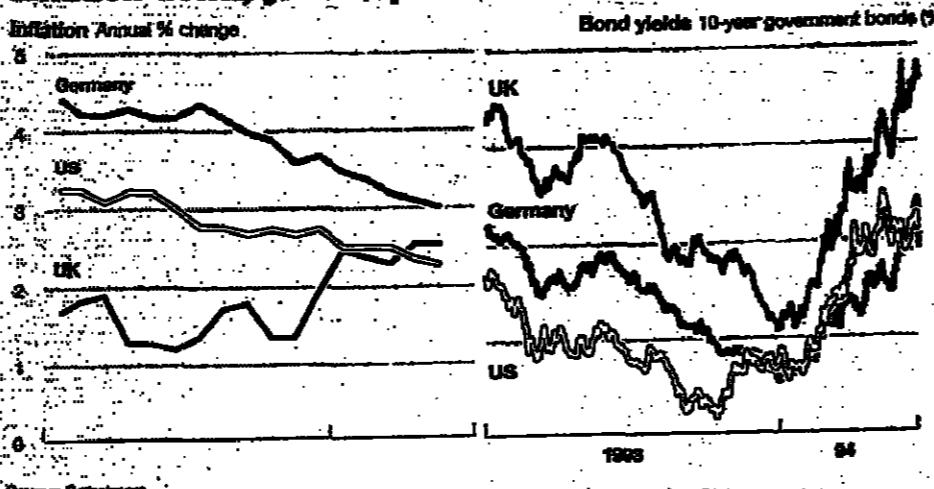
This was supposed to be the year of the strong dollar, thanks to rising US interest rates, falling German rates and other favourable economic conditions. Instead, it has weakened against some currencies as investors became nervous about inflation and policies.

It is important to bear in mind, however, that the dollar is now stronger than two years ago on the more realistic basis of its trade-weighted average.

More "tumult" is ahead, though, argue those analysts who see exchange rates as a key influence of capital markets. SG Warburg's economists believe the dollar will be driven lower by four factors: the US trade deficit is deteriorat-

Inflation down, yields up

Inflation Annual % change



Source: Datastream

ing; US inflation will run ahead of Germany's; the US Federal Reserve, driven by domestic economic considerations, will not raise interest rates enough to help the dollar; and doubts are growing about the Clinton Administration's competence in handling geopolitical problems.

Not everybody is glued to the currency screens. "The weakness of the dollar is a distraction. You shouldn't take any notice of exchange rates," says Peter Lyon, global strategist at Smith New Court. They might tell you something about relative inflation rates but it is much more important to focus on interest rates.

Policy makers have made some big economic mistakes concentrating on currencies rather than interest rates, not the least of which for the UK was its experience in the ERM. Lyon took comfort this week

from the failure of US bond prices to breach the lows they reached a month ago. "There may be some sort of light at the end of this tunnel."

Moreover, sentiment is changing in the UK equity market. He notes that at the beginning of the year, high optimism was signalled by an historically high ratio of calls to puts in the derivatives markets.

Now the ratio is historically low, signalling high negativity. Such sentiment is typical of a selling climax at the bottom of the market. Thus it also tends to be a good indication of the moment to resume buying.

When will consumers of goods and services start buying more is a question many companies in the news this week have been asking themselves. Even with only moderate demand, British Steel was able to report pre-tax profits for the year to April of £20m against year-earlier losses of £145m after restructuring costs. But to try to bring more rational behaviour to the marketplace, it is going to take the EU to court over its steel subsidies.

First Leisure reported disappointing interim pre-tax profits of £14.1m, up 16 per cent. It is still sounding consumers cautious about spending their income on recreation. Perhaps the public – like Eurotunnel investors who left one-third of the UK right issue with underwriters – just want to speculate rather than participate. Guinness, for example, has reported brisk stout sales during the World Cup. During the Ireland-Italy game, one pub pulled five times the number of pints it would in a normal evening.

Murdoch counter-punched by cutting The Times' cover price to 20p. At that price he needs to sell some 300,000 more a day to break even. It might be cheaper for him to buy all the extra copies himself. Such market intervention would cost him personally about £21.7m a year.

Fair enough. But the cost of this security blanket is that some funds may produce a lower level of return than they could have done without the new restrictions.

Those with a high proportion of older members will need to hold a correspondingly high proportion of gilt-edged stocks, rather than equities. But, if historic patterns hold true, equities are likely to do much better than gilts over the long term.

Initial calculations suggest that if pension funds kept their present asset mix (80 per cent equities/20 per cent bonds), they would provide an annual return of 17 per cent over 20 years. If they move to a 50/50 split, the return would drop below 16 per cent.

This calculation is as relevant to your own investments as it is to pension funds. As a very rough rule of thumb, an individual investing on a reasonably long-term basis should benefit from investing the majority of his money in equities. In a real sense, they are the safer choice – if “safe” is

Serious Money

Can watchdog stop another Maxwell?

Gillian O'Connor, personal finance editor

Two cheers and one hiss for the pensions White Paper. Overall, it is a lot tougher than expected. Company pensions will be more secure and personal pensions will be more flexible. So, most people should be able to make sensible provision for their retirement.

The worry is that the new watchdog might not be tough enough to stop another Maxwell (Analysis page III).



The pension proposals underline, yet again, the conflict between having total security and getting the best investment returns. Understandably, given their genesis in the Maxwell pension raid, these proposals give security top billing.

The new solvency rules are calculated on the assumption that the scheme might be closed tomorrow.

Fair enough. But the cost of this security blanket is that some funds may produce a lower level of return than they could have done without the new restrictions.

Those with a high proportion of older members will need to hold a correspondingly high proportion of gilt-edged stocks, rather than equities. But, if historic patterns hold true,

equities are likely to do much better than gilts over the long term.

Initial calculations suggest that if pension funds kept their present asset mix (80 per cent equities/20 per cent bonds), they would provide an annual return of 17 per cent over 20 years. If they move to a 50/50 split, the return would drop below 16 per cent.

This calculation is as relevant to your own investments as it is to pension funds. As a very rough rule of thumb, an individual investing on a reasonably long-term basis should benefit from investing the majority of his money in equities. In a real sense, they are the safer choice – if “safe” is

re-defined as “likely to produce better returns”.

This combative intuitive logic can be applied also to overseas investment. Many people instinctively regard investing in foreign stock markets as riskier than confining themselves to the UK. But Britain is a mature economy with only a few growth businesses. The emerging markets story has been horribly over-hyped.

Yet, the basic argument for an international investment portfolio with at least some money in emerging markets remains valid. Sticking to the UK is the global equivalent of keeping your life's savings in a box under the bed.

Will Jeremy have the last laugh? Jeremy is the name given by venture capital group 3i (see page V) to the private investors who buy its shares. Sir, you will remember, was the plodding purchaser of British Gas shares.

Jeremy has a better education and more money. And so, 386,000 Jeremiahs have registered to receive prospectuses for the 3i offer, which closes on July 6.

This week, some critics argued that Jeremy had more money than sense. What was he doing buying a new issue when the equity market was collapsing and lesser issues

were being pulled in all directions?

Was he really prepared to buy on a 15% per cent discount to net assets when seemingly comparable trusts were trading on more?

Well, perhaps. But there is another way of looking at it. At least, private investors are learning to look for value, invest for the long term, and buy near the bottom rather than the top of the market.

Now for something altogether more practical: the BP dividend. Shareholders this year being given a novel choice. Do they want to take their dividend in cash – or would they prefer extra BP shares worth 25 per cent more than the cash dividend?

The novelty lies not in the choice, as such, but the fact that shareholders are being offered the equivalent of the gross (rather than the net) dividend. BP's 460,000 private shareholders should certainly consider taking the shares. But there are several caveats.

First, if your shares are held in a personal equity plan, there is no significant advantage in opting for the share alternative. You need also to be careful if you are thinking of selling the extra shares – as many income-orientated investors may.

Conventional stockbrokers have minimum charges ranging from 2% to as high as 5%. So, BP shareholders with relatively small holdings will find that the extra value of the share alternative could be swallowed up by the costs of realising it.

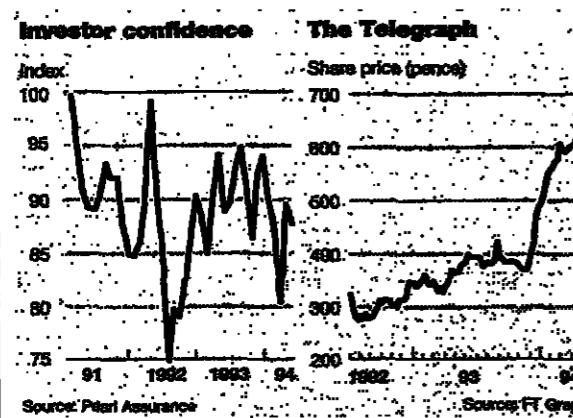
The way round this is to use Hounds Goveit's cheap dealing service, which has a basic commission of 1 per cent with no minimum. But the hassle factor means it is probably not worth considering unless you expect to use it more than once.

*Inquiries: 0773 444 432.

HIGHLIGHTS OF THE WEEK

Price y/day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	-146.3	3,520.3	2,876.6	Fall in US dollar
FT-SE Mid 250 Index	-152.9	4,152.6	3,374.2	Buyers withdraw
Arjo Wiggins	+2.6	211	216	Warburg “sell” recommendation
BAT Inds	-3.7	34	570	High nicotine debate
Blue Circle	+2.7	4.6	391	Parmour Gordon recommends
GKN	-5.2	-24%	632	Stock overhang
Glaxo	-5.3	-47	725	Bond investment concerns
Lloyds Bank	-5.2	-41%	660	Smith New Court turns seller
Mirror Group	-1.3	-42	203	Newspaper price war
RTZ	-8.6	-47	899	Dollar pressure
Reed Int'l	-7.5	-44	964	Dollar pressure
Rolls-Royce	-1.7	-12	204	Unimpressive presentation
TSB	-20.4	-20%	291	2024 Disappointment over results
Telegraph	-3.2	-21%	622	Cover price cut
United Newspapers	-4.8	-11%	731	Newspaper price war

AT A GLANCE



Investor Confidence index slips again

The Pearl Investor Confidence Index fell by two points during June, reversing the trend set by a steep rise in May. The index has now fallen during five of the six months in 1994 so far.

The index measures how many people think the stock market is likely or very likely to rise in the next six months to one year.

The index was set at 100 in March 1991, and has now fallen to 88.3.

The highest point since it started was reached at the time of the general election in 1992. When the June figures are broken down into political affiliations, they show that confidence fell among all groups except Labour voters, whose confidence grew by 4 per cent.

The Telegraph's sharp decline

Telegraph shareholders have seen the value of their holdings decline by almost half from their peak last month, as the newspaper this week entered a price war with The Times, cutting its daily cover price to 30p. The Times responded with a cut to 20p.

Other newspaper groups' shares also suffered. The Stock Exchange has launched an investigation into the circumstances surrounding The Telegraph's price cut.

Hollinger, the Canadian publishing company controlled by Telegraph proprietor Conrad Black, sold £273m-worth of shares a month ago, when the share price was 587p. Hollinger now owns 57 per cent of The Telegraph, down from 66 per cent.

Rap for building societies

Building societies were told this week to improve their practices in relation to mortgage protection policies and to make clearer their written explanations of the terms for fixed-rate mortgages.

The annual report of the building societies ombudsman scheme described some documentation relating to fixed rate mortgages as “slippery”. On mortgage protection, it urged societies at least to comply with the code of practice issued by the Association of British Insurers.

Overall, however, Edell said that the number of complaints the scheme dealt with fell by just over one-third last year to 901, reflecting a trend of more grievances being settled by agreement.

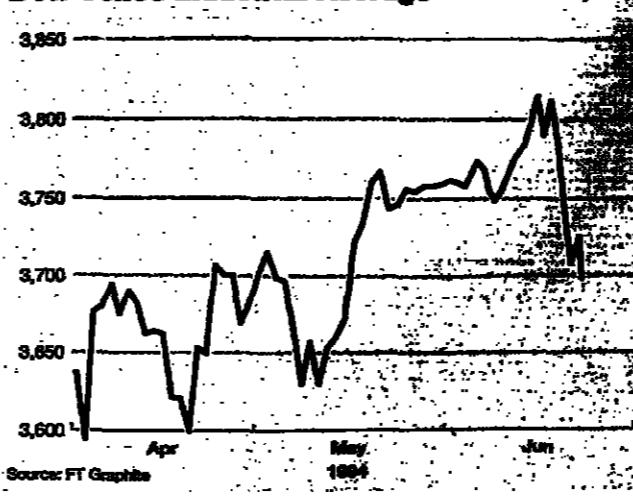
He added also that although the number of complaints about mortgages was rising, there had been a sharp drop in complaints about investments, as societies had improved their practices in telling customers about the interest rates in obsolete accounts or in simply moving them out of obsolete accounts altogether.

From 1 July, the ombudsman will have greater powers, as his remit will extend to complaints about a society's conduct before a mortgage or investment is completed, if the transaction then goes through.

Smaller companies slide

Smaller company share prices continued to slide. The Hoare Govett Smaller Companies Index (capital gains version) fell 1.6 per cent to 1,644.77 over the week to June 23.

Dow Jones Industrial Average



The fact that stock and bond prices continued to fall while the dollar was staging a modest recovery suggested that the markets' decline than just currency and interest rate concerns.

That something more to the market was something more to the market than just currency and interest rate concerns. That something more to the market was something more to the market than just currency and interest rate concerns.

The massive of technology stocks this week was a good example of how fears of weakening earnings are undermining confidence in stocks. The rout started on Tuesday when Lotus Development announced that its second quarter profits would come in well below analysts' expectations. The news

was even higher, the outlook for corporate earnings is suddenly darkening.

The massive of technology stocks this week was a good example of how fears of weakening earnings are undermining confidence in stocks. The rout started on Tuesday when Lotus Development announced that its second quarter profits would come in well below analysts' expectations. The news

was even higher, the outlook for corporate earnings is suddenly darkening.

The massive of technology stocks this week was a good example of how fears of weakening earnings are undermining confidence in stocks. The rout started on Tuesday when Lotus Development announced that its second quarter profits would come in well below analysts' expectations. The news

was even higher, the outlook for corporate earnings is suddenly darkening.

The massive of technology stocks this week was a good example of how fears of weakening earnings are undermining confidence in stocks. The rout started on Tuesday when Lotus Development announced that its second quarter profits would come in well below analysts' expectations. The news

was even higher, the outlook for corporate earnings is suddenly darkening.

The massive of technology

FINANCE AND THE FAMILY / PENSIONS

For most consumers, the government's package is a good deal. From April 1997, when the laws come into effect, company pensions will be more secure and personal pensions will be more attractive. But the regulatory regime is not as rigorous as the system proposed by the Goode report (see right). Here, we look at what the government has in mind.

COMPANY SCHEMES

■ Is my pension more secure? Yes. A series of checks and balances will ensure that employers, trustees and the professionals involved in the scheme do their legally defined job.

■ Will the law be enforced properly? Not necessarily. Goode's proposals for a pro-active, independent super-regulator have been weakened seriously. Instead, the regulator will be a last resort. Moreover, instead of receiving independent funding from the government, he will be funded by the very schemes he is supposed to police.

■ Will the value of my pension change? Yes. The good news is that pensions must increase each year in line with inflation (capped at 5 per cent). But this will apply only to benefits built up from the date the law comes into effect.

The deferred pensions of early leavers - ie, the benefits left behind when an employee changes jobs - will be reduced in some cases because the new law will sever the link between occupational schemes and the state earnings-related pension scheme (Serps).

Most company schemes that link pensions to salaries contract the entire scheme membership out of Serps and pay reduced National Insurance contributions. To qualify for this, they must provide a replacement pension at least as good as Serps.

This "guaranteed minimum pension" (GMP) normally must increase in line with earnings inflation or 7 per cent a year for early leavers who have deferred pensions.

After April 1997, schemes contracted out of Serps will no longer have to provide that guarantee. Instead, they must increase all of the deferred pension by price inflation capped at 5 per cent. Where the GMP is a significant proportion of total pension, this will reduce the overall level of inflation proofing.

■ How are transfer values affected?

The law will allow schemes to calculate transfer values for younger members on less favourable basis, so they could get less than at present.

■ Will I get my pension if my employer goes bust?

Yes, but it could be reduced. The government has adopted most of Goode's proposals for a minimum solvency standard to ensure that, if the scheme terminates, there will be sufficient assets to pay members a transfer value and to secure payment of existing pensions. Bear in mind, however, that the calculation of transfer values for younger

**Better – but not ideal**

Debbie Harrison looks at this week's White Paper on pensions

members will result in lower payouts.

■ Will I receive full compensation in the event of fraud or theft?

Not necessarily. The compensation fund will bring the fund up to 90 per cent of the solvency level, but this may not equate to 90 per cent of your full benefits.

■ Will I have a greater say in running my scheme?

Yes, but not as much as Goode recommended. Members of all types of scheme will be able to elect at least one-third of the trustees. Goode wanted two-thirds for schemes where the investment risk falls on the individual.

■ Will I get better information?

Yes but it is up to you to complain if you do not understand.

■ Will there be better ways to resolve disputes?

Yes. You should take the initiative and complain to the regulator if your company's disputes system is ineffective.

Caveat emptor: Alan Pickering, a consultant with actuary Watsons, says the

regulatory regime will not be as rigorous as that proposed by Goode. "Scheme members must take more trouble with their pension arrangements than they do now," he stresses.

"A lot is at stake. It is in members' interests to understand their benefits and to watch out for any warning signs."

PERSONAL PENSIONS

There are two major changes here: age-related rebates and flexibility on the timing of the annuity purchase.

■ Who will benefit from age-related rebates?

At the moment, the rebate of NI contributions for employees who opt out of Serps is a flat rate, apart from a small bonus for employees age-50 and over.

The value of the Serps benefits increases with age, so at present, the rebate is good value for younger employees. For older employees, Serps is better.

Age-related rebates will certainly improve the terms for older employees

but may reduce the terms for younger employees.

■ Why do we need flexibility in the timing of the annuity purchase?

At present, you must buy your annuity immediately on retirement. Annuity rates, based on gilt yields, fluctuate dramatically. If you buy at the wrong time, your income could be reduced by as much as 30 per cent.

After April 1997, you will be able to delay the purchase until up to age-75 and, in the meantime, draw down an appropriate annual income from your pension fund. The remainder of the fund will continue to benefit from investment returns.

William Burrows, director of Annuity Direct, says: "These proposals overcome the main disadvantage of the present rules which force people to buy annuities when they retire, even though annuity rates may be very low."

"Until 1997, there are existing opportunities for those who want to defer the annuity purchase, but you should seek expert advice."

What's Goode for you...

Robert Maxwell's raids on his group's pension funds forced the government to review the law intensively to find how to improve protection for scheme members. In October 1993, professor Roy Goode, chairman of the government-appointed review committee, produced a 1,000-page Pension Law Reform Report containing 218 recommendations.

The White Paper published this week set out which of the proposals the government would adopt in full, which it would water down, and those it would ditch.

For most scheme members, though there is one issue on which Goode's recommendations and the White Paper measures will be judged: namely, to what extent has the security of pensions been improved?

How do the government's plans accord with the report?

GOODE'S PROPOSALS IN BRIEF...

■ A pensions act to enshrine in law the employer's "pension promise" and to protect members' benefits earned already. *Adopted*.

■ A pensions regulator to have supreme authority over company pensions with power to intervene and impose sanctions. *Watered down*.

■ A compensation fund to pay out in the case of fraud, theft and misappropriation of pension fund assets. *Adopted*.

■ A minimum solvency standard to ensure that, if the company fails, the fund has enough assets to meet its liabilities. *Adopted*.

■ A system to check that employers have paid their contributions. *Adopted*.

■ Greater power for the Occupational Pensions Advisory Service (OPAS) and the pensions ombudsman, plus a requirement for employers to set up internal machinery to deal with disputes over pensions. *Adopted*.

■ More power for trustees, who would also be liable to criminal proceedings if they fail to protect members' rights. *Adopted*.

■ A statutory requirement for members to be represented on trustee boards - up to one-third for final salary schemes and two-thirds for money purchase schemes. *Watered down*.

■ Greater access by members to information, which should

be explained in plain English. *Adopted*.

...AND IN DETAIL

■ Pensions act and regulator. Goode recommended that trust law, which separates the pension fund legally from the company's assets, should continue but should be strengthened by a pensions act administered by a regulator.

Since trust law is complex and ill-defined, the act would enforce the "pension promise" - that is, members' basic rights to a pension based on past service and contributions paid.

Employers would be required to make clear their pension obligations in the contract of employment.

The act would make clear

Last October, a committee set up by the government produced a report containing 218 recommendations. Debbie Harrison looks back...

the trustees' primary duties to members and their families. To enforce it, Goode wanted a regulator with absolute authority over occupational schemes and power to intervene and impose sanctions on wrongdoers.

■ Compensation scheme. Goode recommended that this should cover all occupational pension schemes with an identifiable fund, including schemes run by insurance companies. The scheme would not offer protection on an all-risk basis, though.

Instead, it would pay out in the case of proven fraud, theft and other misappropriation. Other events, such as bad investment decisions leading to insolvency, would not trigger compensation.

The compensation itself would take the form of a loan repayable from any pension fund money recovered, and would be funded by a compulsory post-event levy on all schemes.

■ Solvency. Goode said that the level of funding backing the pension promise was crucial and recommended a minimum solvency standard to

secure the pension rights of members.

The solvency level would be monitored regularly by the trustees and scheme actuaries. If a fund fell below the minimum, there would have to be an immediate injection of cash, failing which the trustees would have to recover the funds from the employer.

Actuaries got very excited about the solvency issue. For scheme members, however, there is only one point to consider.

Since the compensation scheme would not cover all risks, the fund should - in the event of an employer going bust - have enough cash to provide adequate transfer values for present and deferred members, and to buy annuities in payment.

Deferred members are former employees who have left their pension benefits behind on changing jobs. Annuities are sold by life offices which, in return for a lump sum investment, guarantee an agreed income for life.

■ Member trustees. These are the legal owners of the pension fund and have a duty to pay the promised benefits to members and their families. Goode called for more representation for members on trustee boards, except for very small schemes.

At present, an estimated one-third of schemes appoint trustees solely from the company's management - a system that can lead to abuse.

Goode recommended that where the investment risk fell on the employer - as is the case with schemes that link the value of the pension to employees' final salary - the balance of power should be retained by the employer, which should have a two-thirds majority on the trustee board.

Where the investment risk fall on the individual - as is the case with money purchase schemes that offer pensions based purely on investment returns - the balance of power should be held by scheme members, who would form a two-thirds majority.

Goode also wanted trustees to have more power over the professionals they appointed to run the fund. In turn, the latter would have a legal duty to report any "serious or persistent irregularities".

A shining prospect for investors

As South Africa enters a new era, a world of new opportunities awaits its people.

New opportunities also beckon those ready to accept the challenge and potential rewards of investing in this 'reborn' nation's future.

An economy poised for growth

A sophisticated financial and industrial infrastructure already exists in South Africa, and conditions for stability and development can be viewed with greater optimism in the light of recent events.

Real and accelerating economic growth has replaced a deep recession, with a number of positive factors coming together at once...

- Inflation has been reduced to 7%.
- Real interest rates are expected to fall.
- The removal of trade sanctions has paved the way for increased worldwide trade.
- There is a clear upturn in the commodity cycle.
- Business and consumer spending are recovering strongly.

Please remember that the price of units may fall as well as rise and investors may not get back the amount originally invested. South Africa is a re-emerging market and, as such, investment there should be viewed as high risk and subject to volatility.

CREDIT SUISSE INVESTMENT FUNDS (UK) LIMITED

Member of IMRO, LAUTRO and ALITF.
Marketing Group Associate:
Credit Suisse Asset Management Limited.

Member of the London Stock Exchange and the
Securities & Futures Authority.

Investigate the possibilities

Ask your Independent Financial Adviser about the Credit Suisse South Africa Fund, and for a copy of our brochure - which tells you far more than is possible here.

Alternatively, you're welcome to contact us direct by using the coupon below.

But please act quickly, to take advantage of our special launch discount - available until 15 July 1994.

Stake your claim

In his inaugural speech, President Mandela expressed great faith in his nation's future. If, like us, you share that faith, now's the time to stake your claim to a share in that future.

If you've invested in PEPs which have performed poorly, it's time to consider transferring them to another plan.

Nine excellent reasons to put your existing PEPs under one roof.**SKANDIA MULTIPPEP**

If you've invested in PEPs which have performed poorly, it's time to consider transferring them to another plan.

The Skandia MultiPEP is the obvious choice. It brings together a wide range of unit trusts, from nine outstanding fund managers, all within one single PEP - so you can spread your money between funds and fund managers today, and switch between them, at low cost, whenever appropriate in the future.

If you've invested in a variety of PEPs over the years - with lump sums or through regular savings schemes - transferring them into the Skandia MultiPEP offers even greater benefits. It can transform what is currently a fragmented collection of separately-managed plans into a single,

balanced portfolio - giving you a great deal more flexibility and a great deal less paperwork.

Transferring existing PEP holdings into the Skandia MultiPEP is easy and quick, and there is no loss of tax benefits. For further information, call the Skandia MultiPEP Hotline on the number below during office hours or this weekend between 10am - 4pm. Alternatively, contact your Independent Financial Adviser.

SKANDIA MULTIPPEP HOTLINE 0800 243509

Skandia Life
PEP Managers Limited

© Skandia Life PEP Managers Limited 1994

Investment by Skandia Life PEP Managers Limited. A member of FIMBRA. The Skandia MultiPEP is intended as a long term investment. If you withdraw from the investment in the early years, you may not get back the full amount invested. This includes the full amount invested. The inclusion of any particular investment fund does not imply that it is suitable for any particular investor. Skandia Life PEP Managers Limited does not provide advice on the selection of investments and investors must seek their own advice in this connection.

ONE INVESTMENT THAT
REALLY ADDS UP

MONEY

OBSERVER

Money Observer is Britain's most authoritative investment magazine. Each month we provide the information and analysis you need for investment success, including our unique statistical databank. Have Money Observer delivered to your home up to 3 days before it's on sale at your newsagent for just £27 a year - a saving of 10% on the cover price - and get a free calculator into the bargain.

FREE DATABASE CALCULATOR

Subscribe from this ad by post or phone within 7 days and we'll send you a FREE Money Observer database calculator (worth £19.99). Features include:



> clock > 24-number telephone book > secrecy code > memory calculator

Simply fill in the form below or telephone our calculator line on 0424 755 755.

Name _____ Address _____

Postcode _____ Tel No. _____

Per inc. Cheque/postal order made payable to Money Observer

Credit card: Amex/Visa/American Express

Card number:

Expiry date: Signature: _____ Date: _____

Please tick this box if you do not wish to receive further information which we feel may be of interest to you.
Return to: Money Observer Subscriptions, FREEPPOST, PO Box 1, Hastings, East Sussex TN3 4RA. Or telephone 0424 755 755

OFFICES

The "UTA" Guide The better way to pick unit trusts

With over 1400 unit trusts to choose from, you can be forgiven for being confused. Unit Trust Analysis, an independent company owned by the authoritative Fund Research, has launched the "UTA" Monthly Guide to end the confusion. The "UTA" Guide does not pick unit trusts for you - no guide can do that - but separated by sector on a monthly basis, it gives you the vital information needed to help you reach the right decision for your own financial circumstances. Correct selection is crucial for long term success.

The "UTA" Guide costs £149. 50 per annum (plus £12. 50 p+p) and is an invaluable tool for all serious unit trust investors.

Call for more details on:

► Freephone Hotline 0800 132 075

or write to:

Unit Trust Analysis Ltd, FREEPPOST CV 2868,
Stratford-upon-Avon, Warwickshire CV37 9ER

UNIT TRUST ANALYSIS LTD

Monthly Unit Trust Guide for Direct Investors

FT 02

Buyers take advantage

Whenever the market experiences some slow-down, directors tend to use the opportunity to buy shares. This is proving to be the case at present. Over the past six weeks or so, there has been a steady level of buying across all sectors.

Computing company ACT Group announced results the day before directors bought stock on the market. Following an additional announcement warning that profits in the present year were going to be affected adversely by product development costs, the price fell sharply.

At the lower share price level three directors - Roger Foster, the chairman, Michael Hart, the managing director, and Dr Gwyn Jones, a non-executive director, bought a total of more than 129,000 shares at

prices between 130p and 181p.

Porter Chadburn, the leisure goods distributor, also announced final results during the week. The group recorded a pre-tax loss of £17.2m compared to a loss of £3.6m for the same period last year.

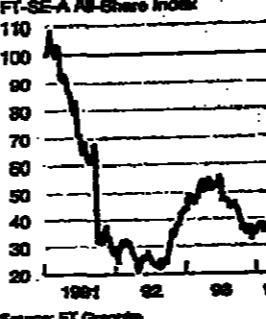
Nevertheless the chairman, Patrick Barrett, remained confident about the future and three directors, including himself, and the chief executive, Tony Phillips, all bought stock at 32p.

Phillip Kaye is the largest single shareholder on the board of City Centre Restaurants. Prior to this recent sale, he held more than 2 per cent of the company. This stake has now fallen to about 1.6 per cent with the sale of 1m shares at 82p.

Vivien MacDonald
The Inside Track

Asia

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphs

■ BPB Industries, Europe's biggest plasterboard maker, has seen a sharp rise in margins since a price war between it and two Continental companies - Lafarge Copepe of France and Knauf of Germany - ended more than 15 months ago.

British Airways' pre-tax losses for the year to the end of March when BA announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

£100m are expected for the year to the end of March when BPB announces its annual results on Thursday. This compares with £57.5m the previous year, but is still well short of the peak of more than £200m earned five years ago.

■ Asda, the supermarket group, reports its full-year results on Thursday and is expected to post pre-tax profits of around £190m, little changed from the £187.4m reported the previous year which included exceptional credits of £62.2m.

■ Vendome, the £35m luxury goods group spun off from the restructuring of Rothmans last October, is expected on Friday to report profits of at least £205m for the year to end-March - ahead of a pro forma £187.5m. The group, which numbers Cartier and Dunhill among its brands, will also be reporting exceptional charges of more than £20m, mostly made up of restructuring costs.

Pre-tax profits of about

FINANCE AND THE FAMILY

Like a large ocean liner sailing calmly onwards while smaller vessels founder in increasingly choppy seas, 3i announced the terms of its long-promised flotation this week. Despite heavy falls in the London market, the bank-owned venture capital company refused to be diverted.

Retail investors are to be offered up to £12m of equity from its £71m flotation at 272p a share. The company and its advisers are not too worried about whether they take it up, since the institutional funds which are buying the other £53m are prepared to soak up any excess.

It was difficult to find too

3i floats as others founder

John Gapper analyses the prospects of a venture that is looking to the long term

many sceptics about the value of the 3i offer this week. The company, which is the largest European investor in unquoted companies, has attracted a lot of interest from professional investors.

The shares were priced at a 13.5 per cent discount to net assets. This is a little more expensive than other quoted investment trusts, the sector it is joining for tax reasons, but advisers say its portfolio is

worth more than others because of its bias towards smaller, unlisted UK companies.

Since institutional funds bid for £1.2bn at the offer price after being canvassed on a range of prices, 3i's advisers are confident of a good "after-market" in the shares. In other words, they are expecting at least an initial rise above the offer price when dealing starts on Monday July 18.

The institutional funds have been attracted by several aspects of 3i:

■ Because it is so large, with a market capitalisation of £1.88bn at the offer price, it is likely to enter the FTSE 100 (Footsie) index later this year. This gives it an automatic appeal, because most funds need to have 3i shares to give them a weighted holding of the index.

■ 3i's range of investments in

3,500 small and medium-sized unquoted companies gives investors a rare chance to make an indirect investment in the sector, which tends to outperform the overall growth rate as the economy recovers.

■ The company appears to be managed effectively and, unlike the seven high street banks which have owned it until now, has not made any significant lending blunders.

These factors have helped to attract significant interest among the more affluent individual investors (whom 3i's advisers have dubbed "Jeremie"s" in contrast to the more down-market Sid who was targeted for the British Gas privatisation). Some 335,000 individuals pre-registered for details of the offer.

Unlike BG and other utility privatisations, though, 3i does not offer the same possibilities for making a quick profit. "This is not a staggering issue," says one analyst.

Ewen Macpherson, 3i's chief executive, adds: "We are looking for investors who know what they are doing and are buying for the long term."

In its £2m marketing push, 3i targeted people who would hold shares as part of a portfolio. The "Jeremie"s" it seeks will have to spend at least

£1,020 on a 3i stake - the value of the 375 shares which have been set as the minimum investment - but the company has estimated there are 1m such investors.

Arguing that an investor in the UK small company sector is taking no risk might seem odd, given the wave of small company failures early in the 1990s. Yet, 3i's risk is less than might appear, given the spread of its investments across regions and industrial sectors.

Academic studies have found that 3i's portfolio is less volatile than any individual industrial sector or quoted company. Nonetheless, the gearing effect - under which small companies perform better than the average in recoveries and worse in recessions - should be taken into account.

One analyst argues that there are two possible approaches to 3i for an individual investor. One is to treat the shares as a long-term investment through rough and smooth. A more adventurous one is to buy in recovery and try to sell at the point when an economic downturn is about to strike.

The implication of either approach is that 3i is floating at a good time for investors. The biggest gains from eco-



nomic recovery are past - but 3i points out, in its note on prospects, that the health of its British portfolio "has steadily improved in the past year".

This week's other new issue, Euromax, is examined in UK Company News.

NEW INVESTMENT TRUST LAUNCHES															
Manager (Telephone)	Broker	Sector	Warrants	Size On	Yield %	PEP	Setups	Issue Price P	Min. Invest. P	Inst. %	Outstanding PEP	Inst. PEP	Min. Invest. %	Inst. Charge %	Offer Period
■ INVEASCO Japan Discovery INVEASCO Asset Management (0800 010333)	Pamlico Gordon	Japan	1.5	n/a	No	Yes	100p	95.5p	1,000	1%	n/a	n/a	14/7/94-29/7/94		
Specialising in Japanese smaller companies, to be run by manager of Inveasco's Japan Smaller Companies unit trust															
■ Old Mutual South Africa Trust Old Mutual (071 772 2173)	Smith New Court	Emerging Mids	1.5	50	n/a	No	No	100p	95.5p	1,000	1%	n/a	n/a	22/6/94-1/7/94	
The UK's first South African investment trust, specialising in smaller and medium sized companies															
■ Schroder Japan Growth Fund Schroder Investment Management (0800 526535)	Smith New Court	Japan	1.5	100+	n/a	No	Yes	100p	95.5p	2,000	1%	n/a	n/a	7/6/94-30/6/94	
General Japanese fund from the Schroder stable, which already runs several Japanese unit trusts															
■ 3i 3i (0645 313131)	Baring Brothers	Venture Cap	n/a	1.5m	3%	No	No	272p	314.4p	1,020	n/a	n/a	n/a	22/6/94-6/7/94	
The giant investment capital fund finally comes to market as the banks sell part of their stake															

Diary of a Private Investor

The right to be informed

Share dealing in the UK is under close scrutiny. In February, the Securities and Investments Board (SIB), the industry's watchdog, issued a discussion paper on "Regulation of the United Kingdom Equities Market". The deadline for submissions has just ended.

The paper noted: "There is analysis which suggests that retail dealing costs are high when compared with institutional dealing costs and are also high when compared with retail dealing costs in other European equity markets."

Early this month, it was announced that the Office of Fair Trading had begun an investigation into market-making in shares on the London Stock Exchange. It remains to be seen if either inquiry benefits private investors. But one section of the SIB paper dealt with "well informed markets" and commented: "Market regulation should aim to enable market participants and users to be well informed for the purposes of making their trading decisions."

As private investors pay more than institutional investors to deal in shares, surely they should be treated better when it comes to getting information from companies. At present, institutions are allowed swifter access to information (and given more of it) than private investors.

There is, for instance, the matter of annual general meetings. Far too many start at highly inconvenient times such as 9.30am in London or 10.30am in Glasgow. This means that many private investors cannot attend unless they are willing to spend money on setting off the previous day from their distant homes and staying overnight.

Unless there are good reasons for holding early-morning AGMs (and I can't think of any), they should start no earlier than 11am.

The timing of certain comments and announcements also leaves much to be desired. If, for instance, a company's directors wish to discuss their results with analysts on the day of an AGM, this should not happen before the meeting

and/or the release to teletext service of the chairman's AGM statement.

For that matter, many companies do not make enough use of teletext on BBC 2 and Channel 4. Any major announcement by a company to the stock exchange should go to teletext simultaneously.

I would also like very much to see a ban on companies making non-urgent announcements to the stock exchange at times - such as Friday afternoons before bank holidays - when press coverage of them is likely to be limited.

The same goes for companies which announce poor results. These should have the widest possible publicity. So, why are companies allowed to publish them on a Friday afternoon or (worse still) on Christmas or new year's eve? Institutional investors get the facts almost immediately via their trading screens. But the poor private investor could well have to wait several days before a press report appears.

Indeed, companies should be forced to send all shareholders (by first class post) full details of any "bad news" results at the same time they are delivered to the stock exchange.

Then there is Crest, the proposed new share settlement system, and the moves to rolling settlement within a strictly limited time. These will force many more private investors to use nominee services.

As a result, company reports and circulars will go straight to the nominee rather than private investors. Anyone using such a service should have the right to demand that listed companies send such reports and documents direct to investors - and at no extra cost.

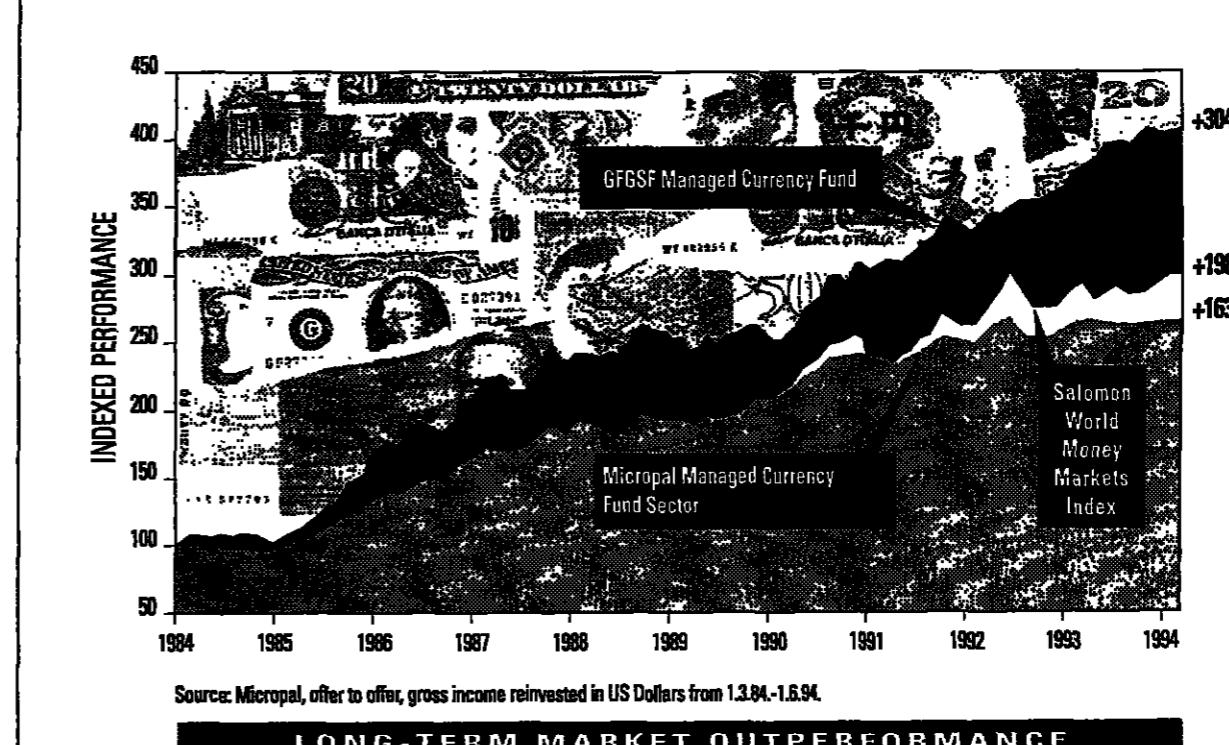
SIB's discussion paper said: "To a greater extent than in the case of any other national securities exchange, trading on the London Stock Exchange is dominated by institutional, large size dealing..." Perhaps if some (or all) of the above suggestions were implemented, the situation might improve for private investors.

Kevin Goldstein-Jackson

GUINNESS FUNDING

LOWER RISK INVESTMENT AN IMPRESSIVE FUND

TOP PERFORMING
MANAGED CURRENCY
FUNDS OVER
10 YEARS*



FOR THE CAUTIOUS INVESTOR.

In today's market conditions, Guinness Flight's Managed Currency Funds stand out as an intelligent choice for the more cautious investor.

A lower-risk alternative to either equities or bonds, our Managed Currency Funds give you the potential for outstanding returns over the longer term. Since launch in 1984, our distributing Fund, shown in the graph above, has achieved a performance of 304% in US Dollar terms (299% in Sterling terms) and over the last five years 67% in US Dollar terms (74% in Sterling terms).†

The objective is to provide a total return of both income and capital growth.

Investing in currencies provides an attractive investment opportunity because, unlike equities, where all markets can decline simultaneously, a fall in one currency will be accompanied by a rise in another. By identifying medium-term currency trends, healthy returns can be achieved.

Having pioneered the concept of managed currency funds,

Guinness Flight has an excellent track record and award winning expertise in currency management. Guinness Flight now manages over US\$1.1bn in currency and bond funds.

The Funds invest in an actively-managed spread of currencies based on Guinness Flight's assessment of fundamental economic, financial and political factors and their likely impact on exchange rates.

Investors can choose between two versions - the roll-up International Accumulation Fund, where gains are reinvested, or the Global Strategy Fund, which distributes income. These Funds are 1st and 2nd in their sector over 10 years, and remain near the top over 1 and 5 years*. Isn't it time you found out more? Return the coupon today, or call our Investor Services Department on (44)481 712176.

GUINNESS FLIGHT MANAGED CURRENCY FUNDS

Return to Guinness Flight Fund Managers (Guernsey) Limited, PO Box 250, St Peter Port, Guernsey GY1 3QH, Channel Islands. Tel: (44)481 712176. Fax: (44)481 712065.

Please send me further information on Guinness Flight's Managed Currency Funds.

TITLE _____ INITIALS _____ NAME _____

ADDRESS _____

COUNTRY _____

*Source: Micropal. Offer to offer, gross income reinvested to 1.694. †Source: Micropal. Offer to offer, gross income reinvested to 1.694. Guinness Flight International Accumulation Managed Currency Fund 1/12, Guinness Flight Global Strategy Managed Currency Fund 2/12 over 10 years to 1.694. Over 5 years 3/48 and 6/48 respectively. Past performance is not necessarily a guide to the future. The value of these investments and the income arising from them may go down as well as rise and are not guaranteed. This advertisement has been issued with the approval of Guinness Flight Global Asset Management Limited, a member of IMRO and Laura and investment advisor to Guinness Flight International Accumulation Fund Limited and Guinness Flight Global Strategy Fund Limited - both Guernsey A1 Authorised Collective Investment Schemes and UK Recognised Collective Investment Schemes under Section 87 of the UK Financial Services Act 1986. Minimum investment per Fund: Sterling £5,000, US \$10,000.



Schroder Japan Growth Fund plc

The time is now.

Deadline: 30th June – 10.00 a.m.
Have we received your application?

If you have any queries call now on **0800 526 535**
Preference may be given to early valid applications.

Schroder
Schroder Investment Management

FINANCE AND THE FAMILY

Where discipline rules and mavericks are out

There are no maverick managers at Schroders, according to John Henderson. He is managing director of Schroder Personal Investment Management (SPIM), the private client arm of the merchant banking and investment management group.

"This is a very disciplined and conservative house," adds Henderson, who describes its style as "research-driven, low turnover, international." He adds: "All the investment managers follow the Schroder house view. They have the opportunity to feed in their thoughts as to the relative attractions of a sector, but, once the committee have decided the direction Schroders should go, everyone follows."

Take last year, when Schroders decided to reduce its Pacific rim investments and increase its exposure in Japan. The shift in asset allocation was reflected in every Schroder portfolio; only the percentage weightings varied to reflect a client's particular requirements.

Schroders has 383 managers and analysts world-wide, and 1,000 investment staff. "With 35 offices in 27 countries, I would suggest that we are the most international of the merchant banks," says Henderson. This international dimension no doubt owes something to the philosophy of the company's founder, John Henry Schroder, who moved to London from Hamburg in 1804.

The bank made its first

investment in Japan in 1870 and established a New York presence in 1923. Today, more than half Schroders' 3,000 staff, and 50 per cent of its operating capital, are employed in offices overseas. SPIM manages portfolios in 10 currencies, tracking many different benchmarks, and Henderson describes the growth in overseas clients as "spectacular".

The team approach is central to the company's management of private client money. Each client is looked after by three managers - an investment director, an investment manager and an administrator - who decide overall investment strategy and diversification. Long-term strategy is determined by the senior directors, advised by the Schroder economists and the heads of regional equity and fixed interest teams, while tactical asset allocation is the preserve of a specialist team.

Schroders has been managing private client money since the turn of the century and it still looks after the descendants of its first customers. Henderson describes the company as "a family bank" where people stay and clients form a relationship with an investment management team that can last for generations."

Solicitors and accountants are the source of 80 per cent of all new clients, and Henderson is used to fighting the firm's corner in fiercely-contested beauty parades. Last year, Schroders won 106 new private clients and lost one - a Swiss, who was unhappy with the

house emphasis on equities. Henderson says: "If we do a good job for the client of a solicitor, he will put us in the beauty parade when another client comes along. We are never handed anything on a plate. It is a jungle out there."

Even the Schroder name does not necessarily open doors. "Most people think we are a German kitchen manufacturer," Henderson notes.

Clients' annual fees are based on the size of their portfolios and the complexity of their demands. Henderson points out: "We have the best incentive to make the portfolio perform well, and to minimise risk. We have no conflict of interest."

Although Schroders has a large derivatives team, it uses only currency hedges for private clients. Henderson says: "We very rarely hedge out of the base currency of the portfolio, and we have no currency

hedges outstanding at the moment for our sterling clients. We want to stick to what we have a record of doing well, which is fundamental investment management and fundamental sector research."

An initial £100m is needed to become a Schroder private client, and individual client money ranges from this minimum figure to £100m. It is something of a surprise, therefore, to learn that nearly all clients invest to some extent in Schroders' own products.

We have portfolios of £20m invested entirely in our unit trusts," says Henderson. "There is often a misconception among the public that unit trusts are only for the smaller investor - and, of course, a unit trust does not have the same excitement at the golf club as a portfolio of shares. Yet, the bigger the client, the bigger the tax and administrative benefits of a unit trust."

The core unit trust for private clients is the £50m Schroder World fund, which is open also to any non-client with £1,000 to invest. The fund, which has 280 stocks in its portfolio and is used for all private clients with less than £500,000, produced a return of more than 30 per cent last year, and its geographical diversification makes it a shop window for the firm's investment skills.

A "cocktail" of Schroder unit trusts is constructed for those with assets of more than £500,000. Direct equity investment usually is confined to clients with more than £2m.

The Schroder view is that portfolios should include at least 25 stocks in each market sector, and Henderson argues that the risk of a direct equity investment is too high for any investor with less than £2m. "It doesn't give any scope to trim the holding and it restricts the flexibility of the manager, so clients do not get the added value that Schroders should be able to bring."

Liquidity in clients' portfolios is low but managed actively, Henderson explains: "Because we are long-term, cautious and conservative investors, if a client needs funds in the next two years, we will raise the money today and hold it in low coupon, short-dated gilts."

"We will always have at least 10 per cent of the portfolio at 24 hours' notice. Nothing is locked in for longer than one month unless the client has

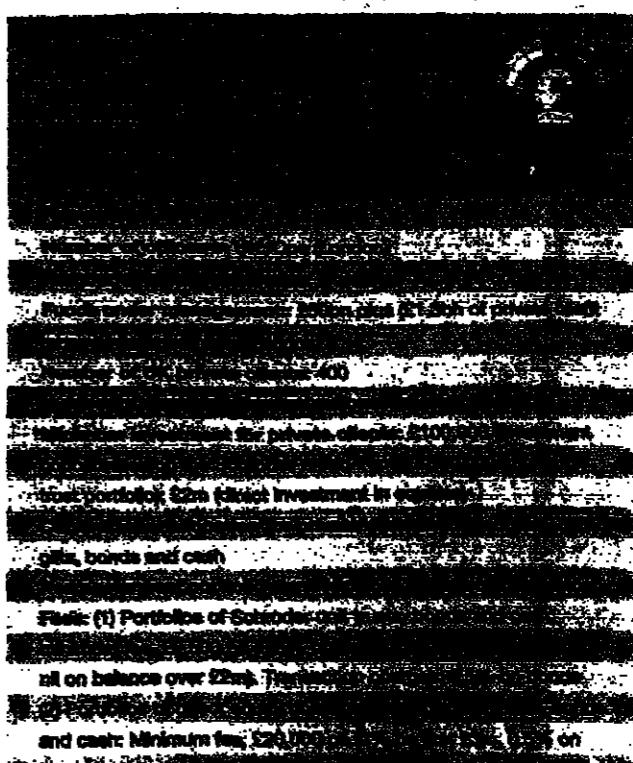


Illustration from *Private Client Investment in the City of London*

Page 11 Portfolio of Schroders

£100,000 balance over £2m

and cash: Minimum fee: £100,000

sanctioned us to invest in venture capital.'

Prospective private clients certainly need to be convinced of the Schroder investment pedigree because they may be asked to liquidate their existing portfolios so the firm's investment managers can start with a clean sheet, especially if the unit trust route is to be followed.

Henderson concedes that this is a tough requirement. "Liquidation crystallises capital gains for taxpayers, and there is no way round that. But we would urge clients to do it, for it will enable us to hold the things in the portfolio that we like. The client has to decide whether it is worth taking the initial hit for the benefits that Schroders can bring."

The acceptable face of insurance

Anthony Bailey finds that an industry hit by bad publicity has its good points, too

There is a danger that bad publicity surrounding the life insurance industry will deter consumers from buying much-needed products. The most basic of these is life insurance, although it goes under less obvious names such as "term" and "protection-only" insurance.

The problem is that life insurance has stayed far from its roots. Much of the premium income earned by life companies does not pay for insurance but, instead, is invested to produce a return. Yet, policies which avoid any link with investment can be basic tools of financial planning. "The most obvious area for life insurance is to provide protection. We give the cheapest and best organised term insurance in the world," says Peter Smith, of financial adviser Hill Martin.

□ Term or protection-only cover is essential for anyone whose death would leave dependents worse off. That usually means the main earner, but it can be worth buying cover for a non-working spouse as well if his or her death would mean extra expenses for such things as child care.

There is a range of policies on the market which pay out lump sums or fixed incomes or can be used for increasing incomes. A competent adviser should be able to suggest the most suitable. Short-term policies can be used in conjunction

with inheritance tax planning. □ Mortgage protection policies are a variation on the lump sum theme. Designed to settle an outstanding repayment mortgage, the level of cover decreases as the outstanding capital diminishes. This can make them especially good value.

□ Critical illness cover is a relatively recent development which might appeal even to those without dependents. It works in much the same way as term insurance - with the crucial difference that it will pay out before you die if you get a specified serious illness.

□ Permanent health insurance also pays out while you are alive. The payment comes as income and is not restricted to serious illnesses. It is a form of annuity which might appeal even to those without dependents. It should be considered by the self-employed and those who work for an employer with a niggardly sick pay scheme.

Getting advice on the best policy, however, is more important than with some other life products. You have to make sure you get a policy which starts paying out when you will need the money as there are different deferment times - the first period of an illness when nothing is paid. You also need to watch out for exclusions.

□ Private medical insurance is another area where life companies have become more active in recent years. Bupa (the British United Provident Association) is generally synonymous

with this type of insurance and remains the market leader. These days, though, there is a wide choice of policy and premium, from budget cover (to beat National Health Service waiting lists) to Rolls-Royce cover (which pays for most things, including stays in exclusive private hospitals).

What about those policies which provide investment?

The illegal combination of investment with insurance evolved for two reasons:

■ Tax relief on premiums, coupled with taxation of a life fund's investment returns (especially in qualifying policies) did provide a degree of tax efficiency - although mostly for higher-rate taxpayers.

But premium tax relief was abolished 10 years ago. Meanwhile, Peppa and Tessa now give better ways of sheltering returns from tax.

■ Life companies believe that policies which pay out only on death are hard to sell. Investment-linked insurance promises a return even if people survive. But life company claims that they ensure people get life cover by selling them invest-

ment plans are, largely, specious.

Even where there is significant life cover, as with endowments linked to mortgages, many people surrender policies early. And many policies have minimal life cover, providing instead long-term, inflexible and tax-inefficient savings

rate tax and capital gains," Smith adds. "But such people usually have substantial assets, are more likely to want a conventional portfolio, and can make use of other tax shelters."

Two products are highlighted as possible buys by James Higgins, of adviser Chamberlain de Broe. "A few companies offer insurance bond shells into which investors can put their own portfolio of investments," he says. "The internal taxation of the bonds can be favourable, but the charges levied by the companies make them unsuitable for most people."

Are there ever good reasons to link investment with insurance? Smith is hard put to find them. He suggests that, in some cases, it can be used in inheritance tax planning, while the smoothing effect of with-profits policies might appeal to investors who, otherwise, would not be able to sleep at night.

Favourable tax treatment within the fund may make single premium bonds tax-efficient for those who pay higher rates.

Smith adds: "But such people usually have substantial assets, are more likely to want a conventional portfolio, and can make use of other tax shelters."

For the same reason, Higgins says there could be a case for substantial investors to pay into a regular-premium maximum investment plan, particularly as a precaution against future increases in personal taxation. "But, for most people

- including most higher-rate taxpayers - insurance bonds are a bad idea. They should look at Peps, unit trusts, investment trusts and National Savings instead," Higgins adds.



INTO AFRICA

SAVE & PROSPER'S
NEW SOUTHERN AFRICA FUND

After President Mandela's historic victory in May, South Africa is now open for business again. The launch of Save & Prosper's new Southern Africa Fund on 9th July 1994 offers you the chance to invest in this new land of opportunity. South Africa has come out of three years of recession in good shape and now, with sanctions lifted, and a huge new domestic market, there is enormous potential for growth that will in turn fuel growth throughout the whole region.

Register Now
Don't miss out. Get into Africa now by registering for details of Save & Prosper's new Southern Africa Fund.

LAUNCH DISCOUNTS AVAILABLE

CALL FREE 0800 282 101

MONDAY-FRIDAY 9AM-5PM • 7 DAYS A WEEK

To: Save & Prosper Securities Limited, FERREPORT, Stamford, EM1 1RR.
Please send me details of Save & Prosper's Southern Africa Fund.

Mr/Mrs/Miss _____
Surname _____
Forename _____
Address _____
Postcode _____

Home Tel (STD) No _____ Work Tel (STD) No _____
So that we may call and offer further information.

THE PRICE OF UNITS AND ANY INCOME FROM THEM MAY GO DOWN AS WELL AS UP. YOU MAY ALSO CAUSE THE VALUE OF YOUR INVESTMENT TO GO DOWN OR UP. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. SAVE & PROSPER GROUP LTD IS A MEMBER OF INCIS AND LIAUTIO.

SAVE &
PROSPER
THE INVESTMENT HOUSE

Your CGT allowances

The table shows capital gains tax indexation allowances for assets sold in May. Multiply the original cost of the asset by the figure for the month in which you bought it.

Subtract the result from the proceeds of your sale; the balance will be your taxable gain or loss.

Suppose you bought shares for £6,000 in September 1983 and sold them in May 1994 for £14,000. Multiplying the original cost by the September 1983

figure of 1.516 gives a total of £9,096. Subtracting that from £14,000 gives a capital gain of £4,904, which is within the CGT allowance of £5,000.

If selling shares bought before April 6 1982, you should use the March 1983 figure. The RPI in May was 144.7.

The Budget decision that indexation cannot be used to create or increase losses for assets sold after November 29 1983 has been modified for £10,000 of transitional relief.

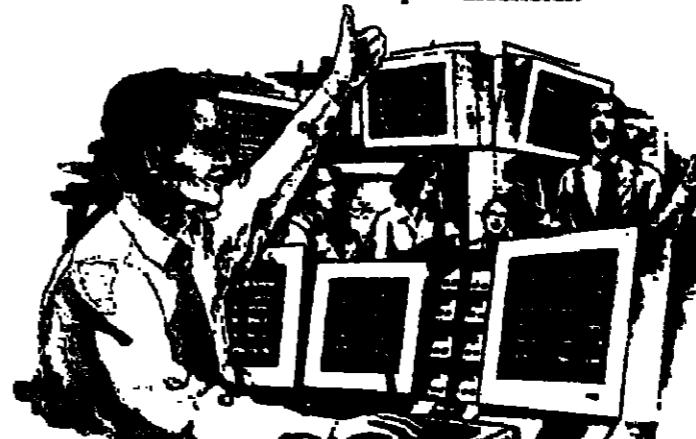
CGT INDEXATION ALLOWANCES: May 1994

Month	1982	1983	1984	1985	1986	1987	1988
January	-	1.752	1.686	1.587	1.503	1.447	1.401
February	-	1.744	1.659	1.574	1.498	1.441	1.385
March	1.821	1.741	1.654	1.559	1.496	1.438	1.390
April	1.788	1.717	1.632	1.527	1.482	1.421	1.363
May	1.773	1.710	1.624	1.520	1.479	1.420	1.363
June	1.768	1.708	1.622	1.517	1.480	1.420	1.357
July	1.767	1.695	1.624	1.518	1.484	1.421	1.359
August	1.767	1.685	1.609	1.515	1.479	1.417	1.341
September	1.768	1.681	1.608	1.516	1.472	1.413	1.335
October	1.759	1.675	1.596	1.514	1.470	1.406	1.321
November	1.751	1.670	1.591	1.509	1.457	1.399	1.315
December	1.754	1.665	1.592	1.507	1.453	1.401	1.312

Source: Inland Revenue

EXCO

Exco is one of the leading international wholesale money and fixed income securities brokers, operating in 13 financial centres worldwide. Exco provides customers with an around-the-clock service in all three major financial time zones and in each of the world's major currencies.



Exco plc
Placing and Public Offer
Share Registration & Information Line

To reserve a prospectus and application form
or for further information,
please call the following freephone number

0800 400 501

This advertisement, which has been prepared and issued by Exco plc, has been approved by N M Rothschild & Sons Limited, a member of The Securities and Futures Authority, for the purposes of section 37 of the Financial Services Act 1986. No offer or invitation to acquire securities of Exco plc is being made now. Any such offer or invitation will be made in a prospectus to be published in due course and any such acquisition should be made solely on the basis of information contained in such prospectus.

FINANCE AND THE FAMILY

Tax officer's misconduct

The combined total of my retirement and occupational pensions are below the amount necessary to absorb my personal allowance. I am, therefore, entitled to a refund of tax on my investment income.

Due to an admitted oversight in the local tax office, I did not receive a refund for 1992/93 until January this year. In the Revenue's letter of apology, it was written: "I have arranged for a tax return to be issued for you shortly after Easter this year."

"When completed, you should forward your dividend vouchers with the return so that any refund due to you for the current year can be settled quickly and avoid the problems that have arisen to date."

My return was duly received just after Easter and submitted - together with a claim for repayment of tax, my dividend counterleaf and March pay slip - on April 11.

But I was advised by the county council, my previous employer, that it would not be issuing P60 forms until mid-May, although I am not aware of any information on the P60 which was not on the March pay slip.

I am now told by the Revenue that it is their practice to accept form P60 and that no repayment of tax can be made to me until the form is received.

Is there any statutory authority by which the Revenue

is entitled to withhold repayment of tax, or is it simply an arbitrary decision?

No, the tax officer who refused to process your claim in April acted unlawfully and will doubtless be severely reprimanded by the district inspector.

Write a formal letter of complaint to the district inspector (whose name should be printed on the letterhead of the tax office), marking both your letter and the envelope "For the attention of the district inspector."

As you have been the victim of maladministration for two consecutive years, the inspector undoubtedly will add at least £100 to your delayed 1992/93 refund by way of token compensation for the persistent misconduct of his staff.

At the same time, you could ask the inspector for a copy of the free leaflet IR 120 (You and the Inland Revenue), and also ask him to arrange for you to receive refunds by instalments during 1994/95 and future years so that you do not have to wait until after the end of each tax year before you get any money back.

What's in a name?

I am the sole director and majority shareholder of United Chemicals Ltd, which is now dormant. There are no debts except to myself (director's

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered as soon as possible.

loan account). The company has a tax loss of £12,000. Does the company have a sale value in respect of the tax loss and the name?

Since the disappearance of the Business Names Registry, Companies House in Cardiff (tel: 0222-381 801) issues a free booklet giving details of the procedure for registering company names.

There could well be a value in the name of United Chemicals Ltd but the market place will determine that. (Answer by Murray Johnstone Personal Asset Management).

Keeping it in the family

To reduce the plethora of paperwork created by privatisation, I wish to rationalise my family's portfolios.

Specifically, I wish to arrange a variety of transfers to consolidate holdings within my family.

Where do I find information regarding any implications for income and, more specifically, capital gains tax? Inland Revenue literature seems unforthcoming.

The Revenue does produce a booklet concerning lifetime gifts which deals with the inheritance tax implication of such transfers, and it also produces a booklet (CGT 14) which touches on CGT matters arising from gifts.

The latest edition of the Allied Dunbar Tax Guide contains several references to the income and CGT implications of gifting, particularly to children.

Choose your own broker

My shares are held by nominees (Barclays Share) and, in view of the recent reinstatement of indexation on capital losses, I wish to achieve some major bed and breakfast deals. This can be done at a lower cost through one of the brokers listed in a recent (March 12) Weekend FT article.

Is this permissible and valid (share certificates are not required) or must I use the more expensive nominee brokers?

As it is not necessary to present the share certificates on bed and breakfast deals, in our opinion you can use any broker you wish. (Answer by Murray Johnstone).

Permanent interest-bearing shares

PERMANENT INTEREST BEARING SHARES

Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield* (gross %)
Birmingham Midshires	9.38	1,000	16/12/93	100.17	87.75	10.674
Bradford & Bingley	13.00	10,000	3/3/91	100.20	114.24	10.175
Bradford & Bingley	11.63	10,000	29/6/92	100.13	125.75	10.338
Bristol & West	13.38	1,000	11/12/91	101.79	125.00	10.700
Bristol & West	13.38	1,000	31/10/91	100.34	125.00	10.700
Britannia (1st)	13.00	1,000	13/1/92	100.42	123.50	10.528
Britannia (2nd)	13.00	1,000	8/1/92	107.13	123.50	10.528
Cheltenham & Gloucester	11.75	50,000	21/10/92	100.98	114.75	10.240
Conway*	12.13	1,000	26/6/92	100.75	114.75	10.547
First National	11.75	10,000	4/5/93	100.25	101.00	11.634
Halifax	12.00	50,000	23/1/92	100.22	88.25	9.915
Halifax	8.75	50,000	7/9/93	100.62	118.75	10.105
Leeds Permanent	13.63	50,000	3/6/91	100.00	131.00	10.401
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	124.50	10.748
Newcastle	12.63	1,000	8/9/92	100.45	100.125	10.737
Newcastle	10.75	1,000	15/6/93	100.32	116.00	10.884
North of England	12.63	1,000	22/6/92	106.14	118.53	10.654
Skipton	12.63	1,000	27/2/92	100.48	110.00	10.819

SOURCE: HANNA GREEN. *Purchase price as at 23 June excludes accrued interest. *Includes stamp duty payable on Conwy PIBs only.

offered during a take-over, such as the 2500 promised initially to those at C&G holding PIBs in the Lloyds take-over.

Instead, investors are

prompted by the better credit ratings of PIBs issued by larger institutions.

If a small society is taken over by a large one, it becomes more credit-worthy and the

price of its PIBs will increase. This has increased demand for the PIBs issued by the smallest societies such as the Skipton, Newcastle, Cheshire and Leeds Permanent.

PIBs will increase.

The market is still reacting to the proposed take-over of the Cheltenham and Gloucester building society by Lloyds bank. Elaine Milner, a director at Hoare Govett, says the main impetus behind market movements recently has been speculation over which building society could be the next target for take-over.

But, she adds, investors' principal motivation is not the cash incentives sometimes

HIGHEST RATES FOR YOUR MONEY

Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int paid
INSTANT ACCESS A/c's					
First Class	0502 645700	Postal	£500	5.25%	Y/y
Capital Trust	0538 391741	Postal	£2,000	6.00%	Y/y
Albion	0522 438292	Postal	£10,000	6.25%	Y/y
Post Direct	0602 481444	Postal	£25,000	6.60%	Y/y
NOTICE A/c's and BONDS					
City & Metropolitan BS	Super 60 081 464 0814	60 Day	£500	6.00%	Y/y
National Counties BS	0372 742211	90 Day	£10,000	6.80%	Y/y
Cheltenham BS	Fixed Rate Bond 0800 272505	30/9/93	£10,000	8.05%	Y/y
MONTHLY INTEREST					
Capital Trust	0538 391741	Postal	£2,000	5.75%	M/y
Balmoral Income	0600 100117	30 Day/P	£25,000	6.22%	M/y
Scarborough 94	0600 590578	90 Day	£25,000	6.75%	M/y
Fixed Rate Bond	0800 272505	30/9/93	£10,000	8.65%	M/y
TESSAS (Tax Free)					
Confederation Bank	0438 744500	5 Year	£8,000	8.00%	Y/y
Hinley & Rugby BS	0455 251234	5 Year	£3,000	7.35%	Y/y
National Counties BS	0372 742211	5 Year	£3,000	7.25%	Y/y
Milton Mowbray BS	0684 638337	5 Year	£1	7.20%	Y/y
HIGH INTEREST CHEQUE A/c's (Gross)					
HICAP	021 555 8225	Instant	£1	4.75%	Y/y
Capital Plus	081 447 2436	Instant	£1,000	4.75%	Y/y
Classic Postal	0800 717515	Instant	£2,500	6.00%	Y/y
			£25,000	6.25%	Y/y
OFFSHORE ACCOUNTS (Gross)					
International	0481 715735	Instant	£500	5.75%	Y/y
Flexible Inv	0534 608060	60 Day	£25,000	6.80%	Y/y
90 Day Notice	0524 653432	90 Day	£50,000	7.05%	Y/y
Investment Cert	0534 608060	5 Year	£10,000	8.25%	Y/y
			£25,000	8.50%	Y/y
GUARANTEED INCOME BONDS (Net)					
General Portfolio	0279 462836	1 Year	£500	4.80%	Y/y
General Portfolio	0279 462833	2 Year	£2,000	5.60%	Y/y
Prosperity Ltd	0279 462834	3 Year	£5,000	7.05%	Y/y
General Portfolio	0279 462835	4 Year	£50,000	7.10%	Y/y
Prosperity Ltd	0279 462836	5 Year	£15,000	7.05%	Y/y
NATIONAL SAVINGS C/CTS & BONDS (Gross)					
Investment A/C		1 Month	£20	5.25%	Y/y
Income Bonds		3 Month	£2,000	5.25%	Y/y
Capital Bonds H		5 Year	£100	7.25%	Y/y
Fast Option Bond		12 Month	£1,000	6.00%	Y/y
Pensioners G/B		5 Year	£500	7.00%	Y/y
NAT SAVINGS CERTIFICATES (Tax Free)					
41st Issue		5 Year	£100	5.40%	OM
7th Index Linked		5 Year	£100	5.00%	OM
		Children Bond F	£25	7.25%	OM

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. P = Paid by Post only. A = Feed-in account also required. B = 7 day loss of interest on all withdrawals. G = 7.75% per cent on £40,000 and above. H = 6.75% per cent on £25,000 and above. I = 6.40% per cent on £40,000 and above. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lake, North Walsham, Norfolk, NR9 0BD. Readers can obtain an introductory copy by phoning 0886 500677.</

MINDING YOUR OWN BUSINESS

Minding Your Own Business

Scrapyard with a taste for chips

There are alarms on all the doors and windows of Bob Howes' 40ft high scrap printed-circuit boards I suppose you could say the chips are down," said Howes, whose "computer graveyard" is one of the biggest recycling operations of its kind in the UK.

"As the metals were uninsured and most had come from scrap printed-circuit boards I suppose you could say the chips are down," said Howes, whose "computer graveyard" is one of the biggest recycling operations of its kind in the UK.

At any time there are up to 150 scrap minisystems and small mainframe computers, plus a handful of personal computers, awaiting the attention of Howes and his three staff. Howes buys the scrapped computers and recycles the precious metals they contain, as well as some of the reusable parts.

"You could call it a low-tech business. We simply use reversible drills, chisels and the good old hammer," said Howes, 47.

The company, Elkarbor, may be low-tech but it is a high-volume operation, with a turnover of £300,000. Last year, Howes and his wife, Pauline, who is co-director, turned in a profit of just under £40,000 - one of the better years for a business that can fluctuate wildly.

"Because it is a rather up-and-down business run on tight margins the bad patches, when they come, can be very bad," Howes said. "A big robbery was the last thing we wanted at a time like this. The last six months have been particularly poor. After the robbery in May I shall be surprised if we make a profit at all this year."

He felt that, in a recession, it was his experience that scrap metal companies were often among the last to be hit. "When companies are closing down all around you there is money to be made by going round metal auctions," he said. "But now there are not so many companies

around - and those that are still in existence are carrying less stock and making sure they have less surplus to get rid of.

"Early on in the present recession, when I realised that the flow of precious metal scrap was diminishing, I started going to auctions to buy in more common metals for recycling. This helped cushion the immediate effects of the recession."

"But," he adds, "now there are fewer auctions."

Howes' warehouse rings with the sound of a minicomputer cabinet being knocked away from its contents. While the cabinet is treated as normal scrap the electronic components are removed carefully. Items such as drives and transformers are put aside for the specialist disposal merchants who visit to view and buy. Computer backplates, with their gold-plated areas, and chips, often coated in precious metals, are kept separately.

"This bit is what I call the recovery service," said Howes. "Some of these materials are worth £70-£90 a kilo. It takes a lot of experience to



Time for a byte: Bob Howes has started a business in computer scrap

material is sent off-site to be granulated." This means it is chopped into small pieces and heated to form a low-grade bullion bar. This might then be reprocessed, or the gold removed and refined.

As well as recycling computers Elkarbor dismantles telephone

exchanges, usually for companies

equally for a good idea.

Elkarbor is often contacted by a local broker or scrap metal merchant - unless it hears about a job over the grapevine, "which frequently happens," says Howes.

"Precious metal recycling is a complicated field, in which you need a lot of experience and a good knowledge of the trade. I often feel I am not really geared to this business as I started life doing something else - as a metallurgist working in steel rolling mills here and in Sheffield."

"Sometimes I feel I am too honest and not suited to it simply because I

am happy just making a living, and not going all-out for a big profit."

Howes described some of the problems he encountered in 1986: "I

was four years into the business,

having started up from home in 1982. In some instances I was putting up to £10,000 up front, only to

find the material I bought-in was

worth less than I had anticipated. In

three instances the job was recovering

copper and other precious metals

from cable. As the value of the

metals was lower than had been

indicated we rolled the jobs over,

effect granting credit to three com-

panies to the value of £5,000 to

£10,000 each. All three companies

went bump within a few months of

each other."

Howes survived. And he learned a

few lessons. Nowadays he puts up

only 70 per cent of what customers

expect.

Howes says: "However careful

you are this is a business that sur-

vives on trust. Customers trust me

to take away their materials and

weigh them honestly when it comes

to calculating the value of the met-

als to be recovered. I respect this."

To ensure that the new trading

year is better than the current one,

Howes has two schemes in mind.

The first is putting far greater

emphasis on chip recovery and the

second is expanding into Europe.

"We can now separate chips by

their number, their manufacturer

and their speed, and we can do this

fast enough to make it profitable,"

says Howes.

"We have built up a small net-

work of customers who will ring us

up for anything from 50 to several

thousand of a particular kind of

chip. We charge anything from 20p

upwards for a chip and the more we

can segregate and identify particu-

lar makes and types of chip the

better price we can get for them.

This is a growth area at present, so

we might expand this process our-

selves, or we might merge with peo-

ple I know in the trade. It depends."

Howes has already organised bro-

kers to bring scrap machines to him

from all over the UK and Elkarbor

has carried out three successful

jobs in Europe. "We have made

money out of these jobs and every-

body seems happy," he said.

Howes has two schemes in mind.

The first is putting far greater

emphasis on chip recovery and the

second is expanding into Europe.

"We can now separate chips by

their number, their manufacturer

and their speed, and we can do this

fast enough to make it profitable,"

says Howes.

"We have built up a small net-

work of customers who will ring us

up for anything from 50 to several

thousand of a particular kind of

chip. We charge anything from 20p

upwards for a chip and the more we

can segregate and identify particu-

lar makes and types of chip the

better price we can get for them.

This is a growth area at present, so

we might expand this process our-

selves, or we might merge with peo-

ple I know in the trade. It depends."

Howes has already organised bro-

kers to bring scrap machines to him

from all over the UK and Elkarbor

has carried out three successful

jobs in Europe. "We have made

money out of these jobs and every-

body seems happy," he said.

MINDING YOUR OWN BUSINESS

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

CASH COW

SEEKS INVESTMENT OPPORTUNITY

A privately owned food company, which generates a significant amount of cash p.a., operates in a stagnant market and is having difficulty in identifying value-generating growth opportunities. We would therefore be pleased to receive offers for majority stakes in growth companies with turnover of not less than £4/£5 million up to £30 million, seeking a cash generating partner.

Interest may come from medium sized companies seeking a joint venture or large companies wishing to dispose of non-core assets.

Write to Box B2951, Financial Times, One Southwark Bridge, London SE1 9HL.

Principal Lenders

Associated Companies

COMMERCIAL ACCEPTANCES LTD

Bridging Finance Specialist

FAST NON-STATUS FINANCE

Residential, Industrial and Commercial Properties

1 DAY - 6 MONTH FACILITIES

Tel: 071 266 9286 Fax: 071 266 9286

BUSINESS OPPORTUNITIES IN CHINA

If you are interested in working with China in connection with your business please contact:

CHINESE COMMERCE AGENCY - in association with

CCOIC & CCPIT

Fax: 071 724 2190 - Tel: 071 224 8099

PRIVATE AND CORPORATE INVESTORS

CMR's very experienced executive team combine with our associated investors to help fast growing smaller UK companies (Sales range £1M to £30M). We need to expand our network of potential investors to cope with our greatly increased flow of good quality propositions.

For more information on our quite unique organisation, please phone 071 224 2388 or write to:

Angel Invited

to become involved in a privately owned, profitable food, Midlands high technology group (T/O £2.5M) which has a number of excellent opportunities looming but needs cash and major expertise. Principals only.

Fax: 0684 310716

International Phone Calls For Less!

USA only 24p per min

Australia 40p per min

No VAT

Ask about our low rates to other countries.

Call Kallback

FREEPHONE

Call 0800-96-0806

Fax 0800-96-0807

BUSINESSES FOR SALE

FOR SALE

TREFLOYNE GOLF COURSE

TENBY, PEMBROKESHIRE

An unusual opportunity to acquire a recently constructed 18 hole Golf Course with a delightful stone built Farmhouse and Gate Lodge. Situated in a busy holiday and retirement area within 2 miles of the coast.

Ready for immediate opening.

For more information contact:

JM Osborne & Co

Chartered Surveyors, Litigation Consultants and Agents

15/16 Southgate Road Banbury OX16 7ED

Tel: (0295) 277197 Fax: (0295) 268651

SPORTS EQUIPMENT MANUFACTURER AND DISTRIBUTOR

A superb opportunity exists to acquire a specialist sports equipment manufacturer/distributor.

Based in the north of England the company supplies a rapidly expanding European leisure market and is recognised in the UK as a leader in its field. A strong asset base has enabled the owner/operators to maintain earnings throughout the recession such that the company is now well placed to significantly increase turnover and profits.

Principals or retained agents only should apply in the first instance to Box B2964, Financial Times, One Southwark Bridge, London SE1 9HL.

FASHION

Do you not find propriety a kindly middle-aged? How often do you hear the "woman of a certain age" asking: "Is this all right? I don't look like mutton dressed as lamb, do I?"

Indisputably, there is a middle period in one's life when to look too trendy or too drop-dead sexy invites derision - the singer Cher immediately comes to mind.

But there is an absolutely certain age, by which I mean 70-plus, when a woman can wear anything she likes and get away with it. It is the privilege of age, like being able to say exactly what you think or be a "character" and, as long as she carries it off with conviction and aplomb, we all applaud madly.

I was reminded of this liberation a few months ago when I attended a party thrown by publisher Naim Atallah to celebrate the publication of Pamela Cooper's autobiography *A Cloud of Forgetting*.

Pamela Cooper is 83 and as sassy and irreverent as you will find.

Like Miriam Rothschild's mad head scarves, Diana Cooper's whoopie-droopy garden hats, or Violet Bonham-Carter's Fortuny Delphos dresses, her personal style has nothing to do with conformity.

On this occasion, most of us standing in the drawing-room of

her son, Lord Cowrie, were decorously upholstered in velvet, as stiffly posed as if still wearing coat hangers.

Pamela Cooper was dressed in a pomegranate-coloured, viscose-knit tunic top and bell-bottom trousers, bought, her grandchild explained to me, that morning from a hip teenage chainstore for "really nothing!"

It looked madly nouveau-Biba, teamed with Jesus sandals and a modernistic 1960s necklace which looked like a fitting from Star Trek's Starship Enterprise.

This octogenarian was by far the most flamboyant figure in the room.

Even her demeanour spoke of the Roaring Twenties or Swinging London, for she adopted that infinit-

There is nothing weary about her approach to life. And that is why, wearing that gear, behaving in that manner, she makes those of us in between long to be either 20 or 70.

It is the middle ground, in Major's middle England, populated with the endlessly middle-aged, in middle class propriety that makes me feel dispirited.

Show me a trucker or a toff in wildly unsuitable clothing and I will show you a good party.

Jane Mulvagh

To hell with dressing your age

John Morgan urges Englishmen to use more imagination when packing their holiday clothes

It is always easy to spot the Englishman on holiday. He is the burnt one, whose clothes - an unattractive mixture of sagging swimwear and ill-chosen separates - set him apart so dramatically from most other nationalities.

Many men who dress appropriately for the office and attractively at weekends, often abandon any vestige of sartorial *savoir faire* at passport control. This is an unnecessary shame: a holiday wardrobe, like any other, requires only a little imaginative application and a modicum of self-knowledge.

The first rule of holiday dressing (assuming a reasonably sophisticated destination that offers the usual mix of beach life, sight-seeing and night life) is to remember that the same body you live with throughout the year comes on holiday too and, thus, clothes

that do not suit your shape at home will look even worse abroad.

This may seem obvious, but I am constantly amazed by how many Englishmen dress like clowns when on holiday. The right clothes make economic as well as practical sense, as they will integrate happily into your general summer wardrobe when you return home.

The second principle is to go easy on colour. The English complexion may look peerless when celebrated by Lely or Gainsborough, but does not stand up well to the harsh glare of the southern sun.

Unclothed, I, like many of my compatriots, bear a striking, and seriously unappealing, resemblance to *sauvage en croute* before it goes in the oven. Leave bright colours to others and, instead, look at soft cream, stone, ecru and white, with a few earth tones - such as terracotta and indigo for the

more adventurous.

A restricted colour palette will also help with the third prerequisite of the holiday wardrobe - interchangeability. So will sticking to clothes in plain rather than patterned fabrics. No one wants to travel with masses of luggage, yet most people pack far more than they need. Everything

although undeniably useful, is grisly to look at.

The jacket should be made of linen, which is the coolest and most breathable of cloths. So will sticking to clothes in plain rather than patterned fabrics. No one wants to travel with masses of luggage, yet most people pack far more than they need. Everything

ens, matching the Dries van Noten jacket, a pair of more substantial cotton chinos from The Gap in khaki, stone and salt; or, more fashionably, a pair of draw string, pyjama-style pants from Voyage. These would look much more up-to-the-minute than jeans and are also more comfortable in hot climates.

at Thomas Burberry, Marks and Spencer and The Gap.

Margaret Howell also scores well with her understated, relaxed shirts in cotton or linen. These are cut generously, are cool to wear and can be teamed with trousers, shorts and worn as a cover-up on the beach. Also include a selection of classic polo shirts in Sea Island cotton from John Smedley and plenty of white cotton T-shirts by the American manufacturer, Hanes. Should you need clothing for a black tie occasion, an exquisitely-made, knife-pleated evening shirt from Budd, a cool cotton voile, is the most elegant thing you can wear.

A summer suit is also recommended. Ivory linen is always the most glamorous choice. It can be worn on any occasion when you have to dress up a little and its components can be worn separately with other items in your holiday wardrobe. Also, with the addition of the Budd evening shirt, a corded silk black bow tie and a pair of patent pumps, it will convert into an acceptable tropical dinner jacket.

Designer Paul Smith has a three-button, single-breasted version that manages, in true Smith fashion, to look both classic and contemporary. More conventional tastes could invest in his khaki cotton version or an even more traditional model in olive, buff or navy from Hackett, although neither of these could be transformed into black tie.

When it comes to beachwear, I am rather tired of seeing Englishmen lolling about in baggy shorts. I feel that surfing jams look best on those for whom they were originally intended. Opt instead for a pair of well-designed classic swimming trunks.

Speedo have good styles including a model made in a special sleek lightweight fabric developed for professional swimmers. Look out, too, for designs by the Los Angeles Sporting Club at branches of Sports Locker. Black or dark navy blue, remain the smartest colour choice. Remember, white is for exhibitionists only as it becomes transparent when wet.

The beach look is completed with a cotton singlet available

ble "backbones are out" pose.

In her hey-day, in the 1920s, world weariness was madly fashionable and wonderful for shocking dowagers.

These days Pamela Cooper has moved on. While the pose and the attire may speak of annum, the mind is keen and amused as any girl recently up in town from the shires. She is tapping up the world.

Why baggy shorts are down and out

John Morgan urges Englishmen to use more imagination when packing their holiday clothes

It is always easy to spot the Englishman on holiday. He is the burnt one, whose clothes - an unattractive mixture of sagging swimwear and ill-chosen separates - set him apart so dramatically from most other nationalities.

Many men who dress appropriately for the office and attractively at weekends, often abandon any vestige of sartorial *savoir faire* at passport control. This is an unnecessary shame: a holiday wardrobe, like any other, requires only a little imaginative application and a modicum of self-knowledge.

The first rule of holiday dressing (assuming a reasonably sophisticated destination that offers the usual mix of beach life, sight-seeing and night life) is to remember that the same body you live with throughout the year comes on holiday too and, thus, clothes

that do not suit your shape at home will look even worse abroad.

This may seem obvious, but I am constantly amazed by how many Englishmen dress like clowns when on holiday. The right clothes make economic as well as practical sense, as they will integrate happily into your general summer wardrobe when you return home.

The second principle is to go easy on colour. The English complexion may look peerless when celebrated by Lely or Gainsborough, but does not stand up well to the harsh glare of the southern sun.

Unclothed, I, like many of my compatriots, bear a striking, and seriously unappealing, resemblance to *sauvage en croute* before it goes in the oven. Leave bright colours to others and, instead, look at soft cream, stone, ecru and white, with a few earth tones - such as terracotta and indigo for the

more adventurous.

A restricted colour palette will also help with the third prerequisite of the holiday wardrobe - interchangeability. So will sticking to clothes in plain rather than patterned fabrics. No one wants to travel with masses of luggage, yet most people pack far more than they need. Everything

although undeniably useful, is grisly to look at.

The jacket should be made of linen, which is the coolest and most breathable of cloths. So will sticking to clothes in plain rather than patterned fabrics. No one wants to travel with masses of luggage, yet most people pack far more than they need. Everything

ens, matching the Dries van Noten jacket, a pair of more substantial cotton chinos from The Gap in khaki, stone and salt; or, more fashionably, a pair of draw string, pyjama-style pants from Voyage. These would look much more up-to-the-minute than jeans and are also more comfortable in hot climates.

at Thomas Burberry, Marks and Spencer and The Gap.

Margaret Howell also scores well with her understated, relaxed shirts in cotton or linen. These are cut generously, are cool to wear and can be teamed with trousers, shorts and worn as a cover-up on the beach. Also include a selection of classic polo shirts in Sea Island cotton from John Smedley and plenty of white cotton T-shirts by the American manufacturer, Hanes. Should you need clothing for a black tie occasion, an exquisitely-made, knife-pleated evening shirt from Budd, a cool cotton voile, is the most elegant thing you can wear.

A summer suit is also recommended. Ivory linen is always the most glamorous choice. It can be worn on any occasion when you have to dress up a little and its components can be worn separately with other items in your holiday wardrobe. Also, with the addition of the Budd evening shirt, a corded silk black bow tie and a pair of patent pumps, it will convert into an acceptable tropical dinner jacket.

Designer Paul Smith has a three-button, single-breasted version that manages, in true Smith fashion, to look both classic and contemporary. More conventional tastes could invest in his khaki cotton version or an even more traditional model in olive, buff or navy from Hackett, although neither of these could be transformed into black tie.

When it comes to beachwear, I am rather tired of seeing Englishmen lolling about in baggy shorts. I feel that surfing jams look best on those for whom they were originally intended. Opt instead for a pair of well-designed classic swimming trunks.

Speedo have good styles including a model made in a special sleek lightweight fabric developed for professional swimmers. Look out, too, for designs by the Los Angeles Sporting Club at branches of Sports Locker. Black or dark navy blue, remain the smartest colour choice. Remember, white is for exhibitionists only as it becomes transparent when wet.

The beach look is completed with a cotton singlet available



OUT TO LUNCH: Linen jacket, £295; waistcoat, £210; and trousers, £210, all by Paul Smith, 40-44 Floral Street, London WC2 and 10 Byard Lane, Nottingham. Linen shirt, £25 by Budd, 1-3A Piccadilly Arcade, London SW1. Silk tie, £40 by Turnbull & Asser, 71-73 Jermyn Street, London SW1.

Kurt Geiger, which are elegant and light. If you want to wear sandals, Paul Smith has a handsome classic design in brown or black leather.

A cotton sweater is a must for cool evenings - and there is little to beat Marion Foale's classic, understated and beautifully-made knitwear. The look would be completed by a fold-up, wide-brimmed, panama from Herbert Johnson, a couple of silk ties from Turnbull & Asser and sunglasses from the Paul Smith range. With these purchases you will have a holiday wardrobe that, although classic in inspiration, will be modern, practical and stylish.

Bon voyage.
■ John Morgan is associate editor of GQ Magazine.



ON THE BEACH (above): cotton singlet, £16, from a selection at Voyage, 115 Fulham Road, London SW3. Cotton T-shirt, £25.95 by Hanes from Sports Locker, 17 Floral Street, London WC2 and 53 Pombridge Road, London W11. Khaki, £22.50, from The General Trading Company, 144 Sloane Street, London SW1 and 10 Argyle Street, Bath, BA1 5JL. Speedo, £70 by Dries van Noten from Joseph, 77 Fulham Road, London SW3. Swimming trunks, £22.90 by Speedo from Sports Locker.

OFF TO SEE THE SIGHTS (right): linen jacket, £295, by Dries van Noten from Joseph. Cotton singlet, £16 from a selection at Voyage. Linen shirt, £135 and linen shorts, £95, both by Margaret Howell, 29 Beauchamp Place, London SW1 and 24 Brook Street, London W1. T-shirt, £22.95 by Hanes from Sports Locker. Roll-up panama, £59 by Herbert Johnson, 50 New Bond Street, London W1. Desert boots, £105 by Fratelli Rossetti, 177 New Bond Street, London W1.

ILLUSTRATIONS: CHRISTOPHER BROWN



• The Gentleman's Sale • The Gentleman's Sale • The Gentleman's Sale •

SALE STARTS 27TH JUNE

Examples of our reductions:

	Original Price	NOW
PURE WOOL SUITS	£395	£295
PURE WOOL BLAZERS	£295	£195
LEATHER SHOES	£185	£90
TROUSERS	£125	£75
BUSINESS SHIRTS	£59	£35
SILK TIES	£45	£20

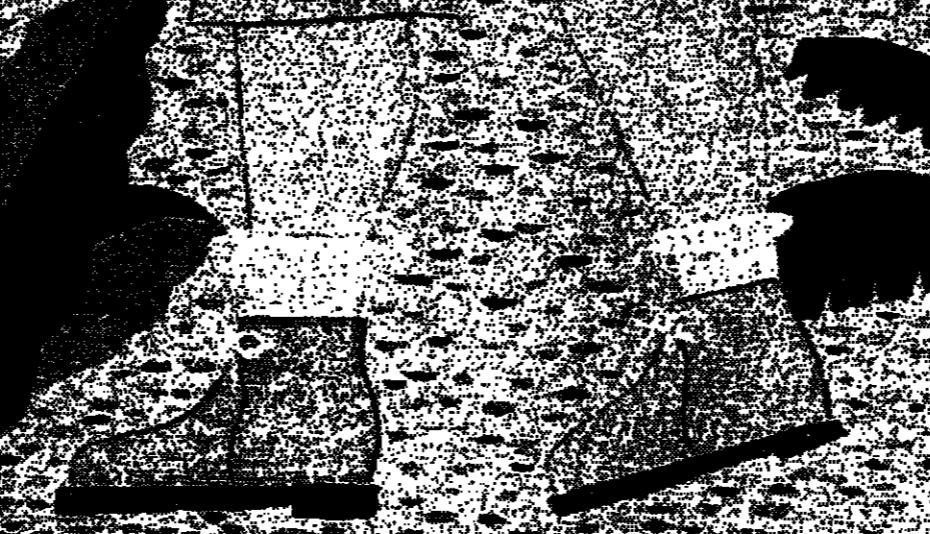
GIEVES & HAWKES
No. 1 Savile Row, London

London: No. 1 Savile Row W1, 18 Lime Street EC3.
Bath, Cheltenham, Chester, Edinburgh, Portsmouth, Winchester.

• The Gentleman's Sale • The Gentleman's Sale • The Gentleman's Sale •

CERRUTI 1881
MENSWEAR COLLECTION
SALE
STARTS TODAY

76 New Bond Street London W1
Tel: 071-493 2278



• The Gentleman's Sale • The Gentleman's Sale • The Gentleman's Sale •

HOW TO SPEND IT

Garden furniture that grows on you

Lucia van der Post on where to look for outdoor accessories that will keep you at the forefront of fashion

The Court Seat by Gaze Burvill: elegant, understated and comfortable with curves, angles and wide seat slats

Fashions in furnishing the garden are fortunately not subject to quite the same hectic time-scales as fashions in frocks. This is not to say that the horticultural set does not have its serious snobisms or that the likelihood of committing some hideous faux-pas is not just as great but at least the trends have a long enough cycle for everyone to have a chance of catching up with them.

For some time, tastes in garden furniture have tended towards the simple, the muted, the sturdy, the indubitably English. Bright continental parasols, plastic - shaped to look like wrought-iron - and florally decorated swing-seats can still be tracked down if you must but are deeply out of favour.

Classic designs on the lines of Lutyens are the chief inspirational sources for garden furniture designers today and one can see why - in the muted grey of a typical English summer day they fulfil the practical function, add an air of calm tranquillity to the scene and never, ever jar.

When it comes to the conservatory, then a touch of Eastern rattan could fit the bill - decorative enough to conjure up visions of Raffles and tropical verdancy and sturdy enough to serve the practical purpose.

For those with gardens or patios still in need of a little furnishing here are a few designs currently on offer.

■ WOODEN FURNITURE

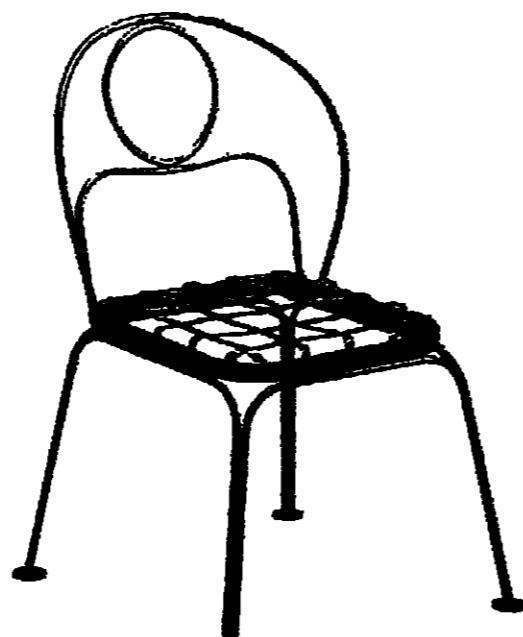
Simple but finely-made oak garden furniture is offered by Gaze Burvill, a small company. Every piece is designed to be in tune with the more muted, subtle approach that seems to suit the English garden.

Only English oak, one of Britain's most durable woods, is used, with the timber coming from carefully managed estates. Though some tools and machinery are, of course, used (in particular for steam-bending the wood which gives the comfortable, curving corners)

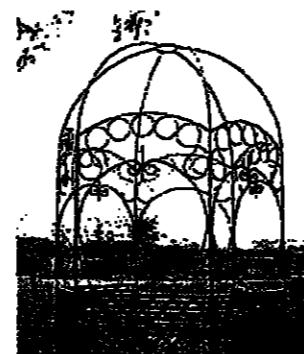
each piece is essentially made and finished by hand.

Photographed above is the Court Seat - elegant, understated and durable - with comfortable curves, angles and wide seat slats. It comes in two, three or four-seat versions and price ranges from £285 to £1,075.

Gaze Burvill will be showing its products at the Hampton Court Palace Garden exhibition, which runs from July 6-10. The workshop at Plain Farm Old Dairy, East Tisted, Hampshire, GU34 3RT, can also



Metal chair by Boundary Metal: heavy enough to be awkward to steal



Pagoda by Boundary Metal

■ OLD ACCESSORIES
Sir Alastair McAlpine showed us, when he disposed of a lifetime's collectables, that it was quite amazing what people would pay for a couple of battered flower-pots or some rusty spades if you could call them "old" or "antique". And in some cases, the epithets can actually stand for better quality as well.

Take spades. Those who know about such things tell me confidently that good-quality Victorian or Edwardian spades are far sturdier and more handsome than any of their modern equivalents.

The Chelsea Gardener of 125 Sydney Street, London SW3 has given over a corner of the building to Marmaduke, a concession which supplies a constantly changing selection of old implements.

Handsome, sturdy spades and hoes range between £24.95 and £50, trowels start at £11.95, watering-cans at £34.95, a reel and line for marking out straight lines when planting

■ METAL FURNITURE
For those who like to leave their garden furniture outside



Rattan furniture from The Pier: sofa, chair and coffee table

all year round, Boundary Metal makes the furniture that meets the brief. It is rustproof and heavy enough to be difficult to steal (a very important point this: in our part of London there seem to be gangs of thieves who specialise in garden accoutrements).

In the standard range there are several benches, chairs (such as the one photographed here, £175) and tables, but the company is small and friendly enough to enjoy handling special orders. Recently they have created a series of pagodas (such as the one photographed here - prices start at £700), as well as decorative structures encircling trees.

All the furniture is sold from its Newbury offices (Boundary Metal, Boundary Road, Newbury, Berkshire RG14 5RT) and there is a small to selection to view there. Otherwise there is a website available (tel: 01635 422255) and furniture will be dispatched by carrier.

■ RATTAN FURNITURE
Strictly speaking, Rattan is not the ideal material for garden furniture as it is neither weatherproof nor easy to move around. But it looks more romantic and is more comfortable (when propped with cushions) than metal or wood. The Pier has one of the biggest

selections around.

Alison Richards, The Pier's founder and managing director, believes that the market for rattan is expanding, with many people using it not just for the conservatory but for country cottage living rooms, bedrooms and dining rooms.

Two years ago it was selling at £250 a time and today it is offering at £195 (either in forest green or biscuit antique finish).

Global Village has six shops in all. Tel: 0935 523390 for details and brochure.

design matters more than ever

- and in particular, the relationship between paving stones and grass and plants.

Biot Kerr-Wilson has started applying her decorative skills to gardens.

In collaboration with an artist, Tim Coppard, she uses small pebbles to create patterned surfaces on the ground.

Each job is different and is done to commission, so prices vary enormously. In addition,

materials used can vary from the white marble and beach pebbles used in this commission (pictured), to glass, stone,

brick, slate or other materials.

Contact Biot Kerr-Wilson, 49 Northfield House, Peckham Park Road, London SE15 6JL. Tel: 071 633 2277.



Pebble-pattern paving

Each job is different and is done to commission, so prices vary enormously. In addition,

materials used can vary from the white marble and beach pebbles used in this commission (pictured), to glass, stone,

brick, slate or other materials.

Contact Biot Kerr-Wilson, 49 Northfield House, Peckham Park Road, London SE15 6JL. Tel: 071 633 2277.

BAUME & MERCIER
GENÈVE
MAÎTRES HORLOGERS DEPUIS 1830

Malibu

18 karat gold and stainless steel.
Screw-down crown and case, water-resistant to 30 meters.

From leading jewellers throughout the United Kingdom or for your nearest stockist please call:

Tel: 071 416 4160
Fax: 071 416 4161

SMALLBONE
of DEVIZES

SALE
NOW ON

Substantial reductions on all handmade Kitchens, Bedrooms and Bathrooms

Telephone 071 589 5998

LONDON • DEVIZES • HARROGATE • KNUTSFORD
LEAMINGTON SPA • TUNBRIDGE WELLS

Neat one, Martin.

AVI INTERNATIONAL

Electronics near genius Martin Grindrod wasn't happy with any available hi-fi system. So he simply designed, and built, his own: The AVI Total hi-fi system™ stacks up to little more than 12" in height. And £3,595 in money. It is perfection at any price, described by one hi-fi reviewer as, without doubt, his "first choice". (You'd find no small pleasure to call 0453 752656 for details.)

*The AVI System: pre-amp, two mono-block power amps (not pictured) CD player and tuner.

You know, you can go all the way to the top, Simon, now you've started wearing Thomas Pink shirts."

Thomas Pink Shirts. Luxury and Elegance, £32.50 - £42.50
85 Jermyn Street, SW1, and Branches
For Mail Order Catalogue, Please Telephone 071-498 2202

PERSPECTIVES

Lunch with the FT

What would Mrs Goggins say?

Lucy Kellaway is put through the Postman Pat test

I am half-way through lunch with Howard Davies, director-general of the Confederation of British Industry, and we are discussing Postman Pat.

That very morning the newspaper had been full of Davies. He had been quoted making an accomodating noise about the Labour party, and had written an article chastising Stephen Dorrell, financial secretary to the Treasury, for his naive views on dividends.

But now he is sitting in Andrew Edmunds, a rustic restaurant in Soho, central London, challenging me to name six inhabitants of Greendale, a fictional village from a children's storybook... "Postman Pat, Mrs Goggins, Ted Glen, Jess, Peter Foggy..." I am starting to struggle, and he helps me out: "Reverend..." he prompts. "Timms," I supply the correct answer with considerable relief.

I have just failed to name the Famous Five, failed to name any Swallows or Amazons and failed to supply the name of Jennings' best friend. Davies is looking surprised, disapproving even.

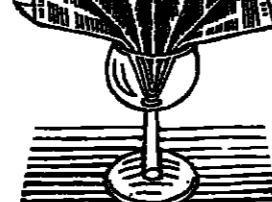
We have reached Greendale by a circuitous route. I have told him how thankful I am to be meeting him on my terms rather than on his. I was referring to his famous Christmas parties to which he invites a large group of like-minded, over-achieving forty-somethings for a highly-competitive quiz. I had heard tales of senior Treasury officials being humiliated by being unable to name the ERM bands.

"It's amazing what some people don't know," he says coolly. He proceeds to tell me about an even more

hair-raising event that he is in the process of arranging for his seven and nine-year-old sons. The children will answer questions about children's books (doubtless doing better than I did), sing songs in foreign languages and undergo tests of alternative business types.

Howard Davies evidently excels at this sort of thing. During lunch he shows himself to be an expert not merely on the relative pay lev-

els of British bosses, but on Zimbabwean wine



els of British bosses, but on Zimbabwean wine

he calls a "love-in" with Robert Mugabe, the country's president), on the structure of tendons in the leg, and the latest in soccer computer games. He reveals that he is fluent in French and Spanish, and is (or at any rate was) a first-rate sportsman.

But that is to skip ahead. I had invited Howard Davies to lunch early this spring. I got a prompt reply from his secretary accepting, but saying that he did not have a free lunch slot until mid-June. Nearer the time, she called again to

name Andrew Edmunds as his chosen restaurant. It was a predictably unpredictable choice, full of film people, with the odd sprinkling of alternative business types.

To prove he fits the latter category Howard Davies arrives on his bicycle, and is already installed when I arrive by taxi a minute or two late. He orders a bottle of mineral water. "I have two non-drinking months a year just to prove it can be done," he explains. "It makes you lose weight without having to concentrate on it." I note that he is not exactly a fatty, but he replies it makes him "look better on the beach".

He glances at the menu, and makes a healthy choice. "I'll have the salmon sashimi and then the crab cakes, for a change," he says. A change from what? I wonder.

Was he really busy every day since I invited him? He describes the endless succession of people who invite him to lunch to lobby him about this or that and his efforts to avoid a time-wasting meal. In addition there is the endless round of associations and federations, each with their annual lunch or dinner.

"The difficult thing is to think of something new to say."

I ask whether he really needs to say something interesting every time, surely no one would notice if he coasted occasionally? He disagrees: "You'd quite quickly acquire a reputation of being boring."

I get the impression that in Davies's book, boring is a serious allegation. Everything about him declares that he will not be con-

sidered that. Unsuccessful might rank nearly as low.

"I tend to do single-mindedly what I am doing at the time," he says as we start to discuss his career. "At Oxford I did Oxford. I did a certain amount of work. I acted in OUDS, edited a newspaper and played games." He recalls how he applied to the BBC after Oxford, but was turned down without even an interview - it seems to rankle even now. His friend Peter Stothard, now editor of *The Times*, made the grade, but Davies points out that he did better still by landing a job in the Foreign Office. "I did what grammar school boys did and asked what is the most difficult thing to do? At that time the foreign office was."

In any case he reflects that journalism is a young person's profession. At just 43, surely he still counts as young? "No, not since I did the Gazza injury to my knee last year. Gazza was a fit young boy of 24 and he's come back. But the sur-

geon said to me: we don't think it's worth repairing these if you are over 40." Then follows the description of tendon and cartilage in the knee, which I only half understand.

Yet Davies does not think of himself as old either, and says that will not happen until Mick Jagger stops singing, and there is no longer talk of the next Rolling Stones tour. Here he has hit on our first shared interest: We discuss great Stones' concerts, and I boast that I last saw them in Cologne in 1980. He replies that he saw them in an even more unlikely place in Paris.

Whatever age Howard Davies considers himself, he certainly looks older than his years. I ask - as politely as it is possible to ask such a question - whether he thinks his senior appearance has helped give him, especially earlier on, extra gravitas.

He looks neither surprised nor offended. He replies that both he and John Sirt, director-general of the BBC (another chum), may have

been helped by going grey or bald early. However, he insists that he does not look "older in a total way. It's only hair in my case. I'm relatively fit for someone of my age".

The conversation is getting sticky, and the waitress rescues the situation by asking if we would like a pudding. I order a tiramisu, and he an equally wicked hot almond cake covered in cream. I declare the meal so far to have been "absolutely delicious". He agrees that it has been "quite good".

Does he care about food, I ask. He turns out to be a keen cook, and says he is much better than his wife (Prue Keely, producer of the BBC programme *Question Time*) at preparing an impromptu meal for guests. Apparently he can knock up a nice Italian pasta or risotto, a stir-fry or something Indian in just 20 minutes using whatever is in the fridge. His wife is a better bet for guests who have been invited long in advance. "She follows recipes that say: 'Take a lobster, boil with

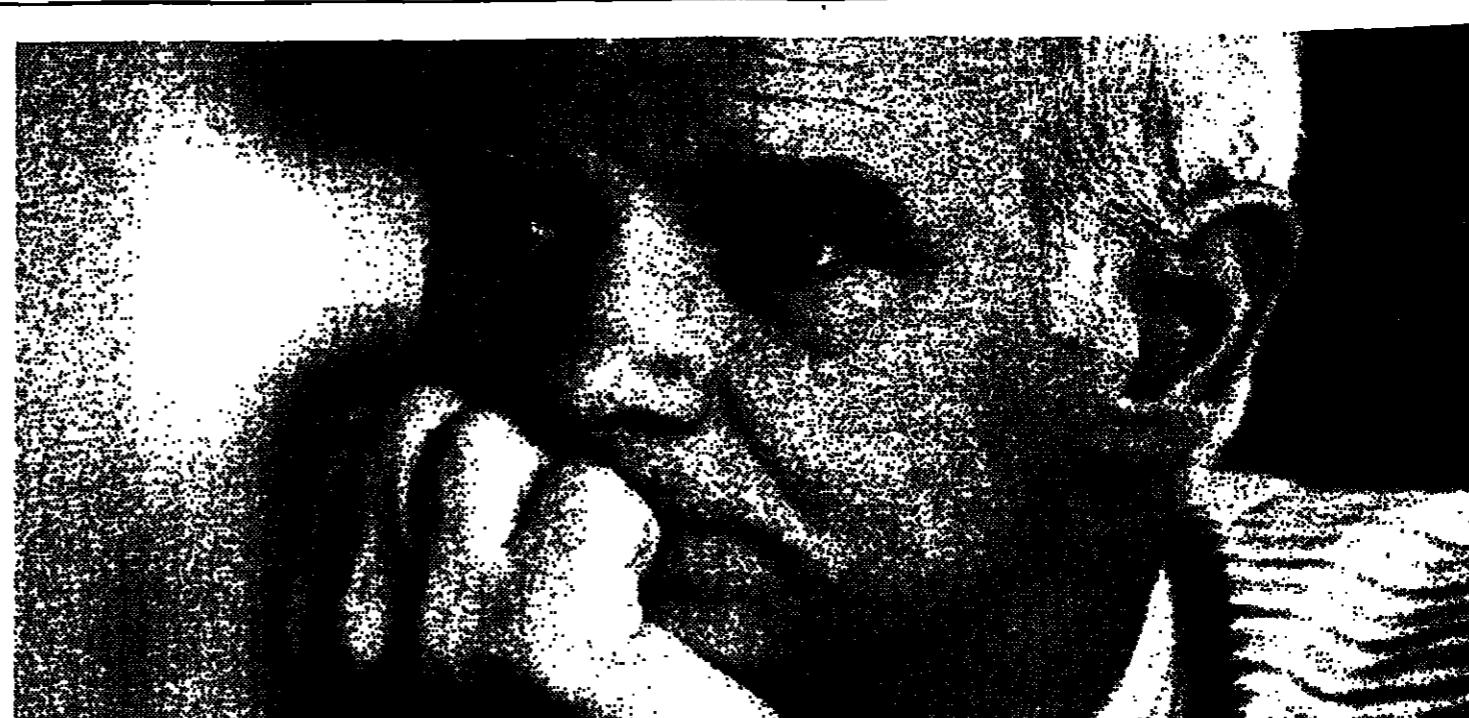
four onions, discard lobster, reduce to one teaspoon, pour over a scallop, discard scallop'."

Apropos of nothing in particular, he then starts telling me about a computer football game that his children have. I have already said that a) I have no interest in football, and b) I do not know anything about computers. Nevertheless, he gives a 10-minute soliloquy on the workings of this game, the noises it makes when the ball hits the goal post, the information it conveys about players of European teams, and much else besides.

I suggest that it is not only his sons who are wild about this game. He half laughs, but certainly does not admit to having wasted hours bent over the screen himself.

I ask for the bill, which turns out

to be less than £40 including service. I pay, and walk him to his bike. "That was too cheap for the Financial Times," he says. "Perhaps we should have lunch all over again."



Ashley Alderson

Celebrating rites of passage

Americans know how to negotiate life's stepping stones, says Jurek Martin

My daughter Caroline, graduated from Harvard recently and there was much celebration - deservedly for her; more selflessly for the parent freed of forking out £25,000-plus a year.

The warm glow of the three happy days of rejoicing at "the other Cambridge" still lingers, but with it a serious thought: that whatever else they may do right or wrong, Americans understand the importance of commemorating rites of passage - and there are few more serious than obtaining a university degree. More than that, marking the occasion properly is a long-term investment in the future, for university and graduate alike.

Din 30-year old recollections of Oxford are of a quick shuffle in a cap and gown, rented by the hour, along with a handful of others who bothered to pick up their degrees in person, the odd bottle of fizz huddled under an umbrella, and back to the grindstone. Younger

friends report it has not changed much since.

Harvard, America's oldest university, has been doing it properly for 343 years and so, for not as long, have most other groves of US academe, where to graduate from college (and high school and kindergarten and typing school, come to that) is regarded as worthy

ten on.

But, as US vice-president Al Gore kept repeating (in a different context) on Harvard's glorious Commencement Day:

"The cynics are wrong." There ought to be nothing cynical, as the university's bachelor's degree citation puts it, about "passing into the company of educated people", nor about

Dutch elm disease") got appreciative laughs.

But Guimier was nothing if not challenging. She is the black law professor nominated last year to run the justice department's civil rights division but ditched by President Clinton after she had come under fire from the far right for allegedly advocating

ideology, sometimes fail to match - as witnessed yet again by the carpentry surrounding Clinton's doctorate of laws from Oxford.

As well as Gore, they included Sadako Ogata, UN High Commissioner for Refugees; Benny Carter, the black jazz musician; an ancient Harvard classicist professor; and even the president of Yale, grinning as the mention of his university was greeted with universal hisses.

Commencement Day is also a great occasion for alumni, marching around Harvard Yard according to their year, the very oldest in wheelchairs, their fund-raising activities for the university recorded publicly.

And we are talking serious money: in less than a month since its launch, the new Harvard campaign to raise \$2bn had generated over \$670m, more than 1½ times as much as the \$268m Oxford has raised over five years.

The discrepancy can be put down to differences in state support, national wealth and attitudes towards philanthropy, as well as a testament to the career successes of old Harvard men and women. But another element must surely come into play - the great sense of obligation that Harvard graduates feel towards the university.

The relationship is not a one-way street. An Ivy League degree looks good on any résumé, as does one from Oxbridge, although it is less of a guarantee of instant success and riches in today's tough employment market than it was in palmer economic times. But the Harvard network of important connections is not left to chance. Harvard clubs flourish all over the world, bringing people together often for more than a drink.

Rarely does a week go by without my wife, Kathleen (class of '72), receiving Harvard mail - and not all of it, by a long chalk, asks for money.

Oxbridge is much less good at preserving this sense of mutual assistance. This was a message I tried to convey in a modest speech last autumn to an Oxford dinner and it seemed to have been well-received (even by John Patten, the education secretary). But there has been no communication from the college since, and my inclination to contribute to the Oxford fund has not grown more.

Harvard, on the other hand, does even the little things well in sending its products on their way. Within two hours of getting her degree from the Master of Leverett House, Caroline had it framed: a quick service for just 27 bucks by the Harvard Co-op, ready to be hung forever on a wall. I am not sure in what dark closet my rumpled piece of paper can be found.

'Marking graduation properly is a long-term investment in the future - for university and graduate alike'

of proper commemoration not only by those receiving degrees but all who have helped them - parents, friends, lovers, teachers, even bank managers.

Cynics say America overdoes this sort of thing, giving awards and recognitions to those who do not really deserve them. Even now a controversy rages in higher education over whether what is known as "grade inflation" makes degrees themselves worth the paper they are written on.

The sense of occasion and its own history that Harvard puts on display every year.

Her message - that the problem of violence in inner cities was not a mirror image of the fault lines in established society - got a few of the parents grumbling, but was delivered with a force and a logic designed to dispel complacency in the younger generation present.

Certainly a crowd that must have numbered 25,000, only about a third of them getting first and higher degrees, could scarce forbear to cheer at every opportunity (with the business school graduates cheerfully and greedily waving dollar bills).

The featured guest speakers were Al Gore (class of '69) and recipient of an honorary degree this year, and Lani Guinier. In truth, the vice-president was not at his best in a speech that wandered more than a little from its central text - that cynicism is the enemy of democracy.

But his now well-rehearsed line in self-deprecation ("I'm a living example to the millions of Americans suffering from

weighted voting according to race.

His message - that the problem of violence in inner cities was not a mirror image of the fault lines in established society - got a few of the parents grumbling, but was delivered with a force and a logic designed to dispel complacency in the younger generation present.

Best of all were the student speakers, chosen by the faculty and then given additional training by a drama coach. One gave the traditional Latin oration, replete with references to the Simpsons and White-water. Another wondered if the manic pursuit of goals left room for a real life. A third urged the law school graduates to take up cases *pro bono* (for free). A few were sentimental, not weepy, and all were as pleased as punch to have a role in the ritual.

Nine honorary degrees were awarded, the selection again showing the catholicism that Harvard prizes, but which British universities, too often consumed with petty politics and

discrepancy can be put down to differences in state support, national wealth and attitudes towards philanthropy, as well as a testament to the career successes of old Harvard men and women. But another element must surely come into play - the great sense of obligation that Harvard graduates feel towards the university.

The relationship is not a one-way street. An Ivy League degree looks good on any résumé, as does one from Oxbridge, although it is less of a guarantee of instant success and riches in today's tough employment market than it was in palmer economic times. But the Harvard network of important connections is not left to chance. Harvard clubs flourish all over the world, bringing people together often for more than a drink.

Rarely does a week go by without my wife, Kathleen (class of '72), receiving Harvard mail - and not all of it, by a long chalk, asks for money.

Oxbridge is much less good at preserving this sense of mutual assistance. This was a message I tried to convey in a modest speech last autumn to an Oxford dinner and it seemed to have been well-received (even by John Patten, the education secretary). But there has been no communication from the college since, and my inclination to contribute to the Oxford fund has not grown more.

Harvard, on the other hand, does even the little things well in sending its products on their way. Within two hours of getting her degree from the Master of Leverett House, Caroline had it framed: a quick service for just 27 bucks by the Harvard Co-op, ready to be hung forever on a wall. I am not sure in what dark closet my rumpled piece of paper can be found.

Homesitters

24hr Brochure Line 0296 630730,

We stay when you go

Which burglar alarm will

- walk your dog
- mow your lawn
- wash your floor

...and be paid for by insurers?

BLOCK CAPITALS PLEASE

I will sponsor BOY GIRL EITHER

Enclosed my gift of £15/£45/£90/£180 (cheque)

OR please debit my Access/Visa account £15/£45/£90/£180

Curd No _____

Expiry Date _____

Signature _____

Phone No _____

Name _____

Address _____

Post Code _____

Send to International Christian Relief, FPO Box TW3028, Sevenoaks, Kent TN13 1Y2 or Telephone 0732 450250

005

INTERNATIONAL CHRISTIAN RELIEF



Charity No 298316

"Can we go to school please?"

In the long run, the problems of the Third World - over population, war, disease, famine - will only be solved by education. Yet these children, and thousands like them, cannot go to school because there is no one to pay the modest fees. Even for those who can go, schools are desperately short of basic necessities, classroom furniture, exercise books, pencils, chalk, clean water, safe latrines. You can help provide all these by sponsoring a child - it's only £15 a month.

Can you think of a better way of spending £15?

INTERNATIONAL CHRISTIAN RELIEF



Harvard business school: students waved dollar bills on graduation day

Richard Chinn

The Aquascutum Sale OF LONDON



FOOD AND DRINK

Cookery/Philippa Davenport

A fashionable way with fish

Sizzling meat joints of beef, lamb or pork used to be synonymous with Sunday lunch. No longer. The word "roast" has been hijacked. Trendy menu-writers have discovered its power. Nothing, it seems, can start salvation faster this summer. Pan-fried and char-grilled are passé. Roasts are in.

The hottest menus are peppered liberally with roasts and roasted foods, the terms sometimes being applied to just about anything cooked in the oven. Baked tomatoes have become roasted tomatoes, although the cooking method has not changed one jot.

Aubergines, red peppers, fennel, garlic and courgettes are other likely candidates for this treatment in fashionable restaurants, where you may be offered roasted red pepper soup, slow roast tomatoes, and roast figs with honey and almonds. But the choicest dish of the lot, the dish of summer 1994, must be roast fish.

Basically, roasting achieves the same searing effect on fish as grilling or frying, but with fewer anti-social side effects. There is less danger of the fish catching and burning as it cooks, so you do not have to watch it closely. And most of the cooking smells are trapped within the walls of the oven instead of the cook's clothes and hair.

Whole fish - such as sea bass, sea bream, snapper or grey mullet weighing 2½ to 3½lb - are a popular choice while a middle cut of cod or around the same weight is acceptable, too. For those who like everything to come ready-portioned, fillets and steaks of turbot, brill, halibut and cod are all suitable.

Whatever you choose, one crucial clue to success is using high heat. If the temperature is low, the fish will not be sealed and seared without and cooked juicy within, as it should be. Instead, juices will ooze out and the fish will stew in them, quite possibly leaving the flesh dull and tasteless. So make sure you heat the oven thoroughly in advance - the hotter, the better.



David Sherland, chef at the Savoy Hotel, with his roasted sea bass, garnished with shiitake mushrooms and artichokes. Trevor Humphries

How long will fish take to cook? Thickness is as important as weight. As a general rule, allow 15 minutes an inch at the thickest part - but check by testing. Cut down on to the backbone at the thickest part; the fish is ready when the flesh has turned white right through. If the fish is ready before you are, let it rest in the plate-warmer.

Whole fish are protected against drying out during cooking by their mackintosh skins, and the skin can be a choice titbit if roasted crispy. Placing the fish on a rack or a bed of vegetables raises it in the roasting pan and allows the heat to circulate more freely - which is all the better

to crisp up the skin. A fan-assisted oven might also be of some help.

Be sure the skin is dried thoroughly after rinsing and before cooking. Then, brush it with a thin film of oil or melted butter and sprinkle it with sea salt and a good sandwich of freshly-ground black pepper.

If, in spite of all this attention to

detail, the skin does not roast as crisply as you would wish, baste the fish again just before serving (with butter or oil, or paint it with lemon juice or a light sugar syrup and a splash of soy sauce) and flash it briefly under a very hot grill for a sizzling finish.

Some cooks like to slash whole fish with two or three oblique cuts down each side before cooking. This speeds the process but encourages some loss of moisture, although the wounds can be staunched (partially, at least) by stuffing them with slices of lemon or slivers of herb or spice-flavoured butter.

On balance, however, I think it better to leave the skin unscathed and to save such extra flavourings for stuffing into the belly or to use for saucing when serving.

Fish fillets and steaks, lacking the all-enveloping protection of skin, need more careful treatment. Dust them with a modicum of flour to check they are thoroughly dry, and lay them in a shallow roasting pan or baking tin that is robust enough not to buckle when subjected to high heat.

The tin should be brushed lightly with butter or oil and the pieces of fish placed well apart. If jam-packed, the heat will be unable to circulate properly and the fish risks stewing.

The simplest - and in a way, the most sophisticated - recipes call for topping the fish with just a dusting of flour and a drizzle of oil or melted butter, and for turning it at half-time (but with great care, to avoid breaking the crust). Such plainly-roasted fish steaks or fillets can be served just as they are, pure and simple, or garnished with a splendidly showy sauce.

More often (and this is easier to get right), the pieces of fish are cloaked with buttery or olive-oil-soaked bread crumb flavoured with a few herbs or spices.

By the time the fish is just cooked and still moist in the centre, the crumb should have dried out to an appetising golden crust. If necessary, a quick flash under a very hot grill will ensure a crisp finish.



Stirred, but not shaken

Not so long ago a friend confessed that he had been to Duke's Hotel in St James's, central London, and ordered a dry martini. The bartender at Duke's, Gilberto Preti, is rumoured to make the best martinis in London, but my friend found that he had been unable to finish the glass: it was just that bit too strong, and just a little bit too dry.

It is that austere and uncompromising side of the martini which makes it the greatest of cocktails. One's first martini should be a baptism of fire: a martini is a John Wayne of a drink, which separates men from boys: it is one of the very few things I look forward to when crossing the Atlantic, for Americans are deeply serious about martinis.

In 1977 President Jimmy Carter launched a famous attack on the "three-martini lunch" as a symbol of the progressive decadence of the American business world. American drinking habits are distinctly odd. They drink three cocktails then sit down to iced water rather than wine with the meal. It is all a bit like a general who unleashes a terrible artillery barrage at the enemy lines at the beginning of a battle, then forgets to send in the troops. Three pre-prandial martinis would seem to be a lethal dose.

A great deal of mystique surrounds the creation of a martini, but the recipe looks deceptively simple. *The Savoy Cocktail Book* (Constable, £6.95) gives the following:

"1/7 dry vermouth; 6/7 dry gin, stir well with ice and serve with a squeeze of lemon rind." Which is certainly only the first story.

In order to find out the other half, I went along to a tasting of dry martinis at the Atlantic Bar and Grill in Piccadilly, London's latest late-night haunt. Five top London bartenders were standing with their cocktail shakers in their hands: Dick Bradsell from the Atlantic; Salvatore Calabrese from the Savoy's American Bar; James Scott from the Groucho Club in Soho; and Lado Stojanovic from Maxwell's in Covent Garden.

Judging between the five was hard work indeed. All displayed a very high level of professionalism. Bradsell's, Calabrese's and Dorelli's were quite similar in style - all three were deeply lemony.

Dorelli's was slightly different

in that it was served minus the pool in the original Savoy cocktail glass; justified by tradition, but ever so slightly rude. Stojanovic's was the least dry of the five, in that it was the only one in which one could detect the flavour of vermouth which made it half-way to a gin and French. Scott's was possibly the driest, in that not even the lemon was able to dent the armour of the gin.

What surprised me were the choices of gin.

They were unanimous in their condemnation of Gordons and its now 37.5 per cent bottling; but all five had selected gins at 40 per cent. Of these, two were Beaufort, two Bombay Sapphire and one, Booth's. Contrary to the teaching of great bartenders beyond these shores, who we export strength gin at around 47 per cent, these British bartenders insist that their relatively weak martinis are the best. American customers,

Ian Fleming invented a heresy for James Bond

they maintain, are astounded by their delicacy after the fire-water they drink at home. I have to say I was not wholly convinced by this argument.

Of the other elements which go into a martini, four out of five favoured Martini Extra Dry as their vermouth, while the one remaining bartender used Noilly Prat. In the main, the vermouth does not end up in the drink, being either swirled round the glass or the shaker. Clear, fresh, quick-frozen ice was absolutely indispensable; and it should be stirred, not shaken: shaking bruises the gin. This little heresy was introduced by Ian Fleming of James Bond fame.

Another heresy was the olive. Dorelli thought this went back to the film *MASH*, where one of the characters is offered an olive-less martini and exclaims: "What no olive? You can't drink martinis without olives!" You can, apparently. An olive will just make your cocktail oily.

I emerged from the tasting slightly light-headed and not wholly convinced that I had really got to the bottom of the martini debate. Next stop: Dukes.

Giles MacDonogh

DAVID J WATT

LINIWINE'S LIMITED

1993 RED BORDEAUX OPENING PRICES:

CH. Haut Brion	£278.00
CH. Latour	£279.00
CH. Leoville Rothschild	£282.00
CH. Mouton Rothschild	£274.00
CH. Margaux	£274.00
CH. Cheval Blanc	£279.00
Vieux CH. Corse	£178.00
CH. Palmer	£182.00
CH. La Mission Haut Brion	£195.00
CH. Pichon Longueville	£218.00
CH. Langoa	£145.00
CH. Pape Clement	£118.50
CH. Chateau Spices	£91.00

ALL WINES ARE EX-CELLARS BORDEAUX
FULL OFFER AND TASTING NOTES
NOT AVAILABLE

TEL 087 535 431 FAX: 0827 838 049
SOUTHERN WINE IMPORTERS LTD.
ALINTON, WAKEFIELD WF3 5RN

SWISS WINES LTD

IMPORTERS OF SWISS WINES

This month's 1993 selection of Fine Swiss Wines includes never before imported and all new Ready For Drinking

WHITE	DET. CLOS
CHATEAU DE STOU	156.82
CHATEAU DE TOVAILL	158.56
VILLE LAURENT	618.92
DET. VIEILLE	158.15

FREE DELIVERY • Two cases or more (add £5.50 for single case orders).

PAYMENT ON DELIVERY

Swiss Wines Ltd, Freepost (GL122)
Stroud, Glos GL5 2BR
Tel: 0453 751741/766771
Fax: 0453 751741

CLARETS AND VINTAGE PORTS

WANTED

We will pay sodium hammer prices.
Payment immediate. Please telephone
Patrick Wilkinson 071-267 1945

WILSON VINTNERS LIMITED
Fine Wine Merchants
Constance Rd London NW3 2LN

LOUIS LATOUR

Vins de Bourgogne
For stockists.

tel: 071-409 7276

Appetisers/Lucia van der Post
Such a cordial welcome

It is the height of the elderflower season and I am clutching a friend's recipe for elderflower cordial, to which my family is addicted. The commercial versions are not bad but the home-made ones are ambrosia. We have a car bootful of elderflowers, sugar in the cupboard and all I lack is tartaric acid or citric acid.

I start off at Waitrose, Safeway and Sainsbury and am in some despair when all fail to yield the essential ingredient. On to Boots. "Would cream of tartar do?" asks the girl behind the counter. It will not. A helpful pharmacist tells me that she can obtain some tartaric acid by Monday (it is now Sat-

urday and I do not fancy the elderflower heads' chances of surviving that long).

PS. The recipe - with grateful thanks to Morny Hay Davison:

Ingredients: 25 big elderflower heads; 2lbs white sugar; 80 grammes tartaric acid or citric acid; 1½ pints boiling water.

Method: Pour the boiling water over all the ingredients and stir each day for four days. Strain through muslin and fill bottles.

□ □ □

Forget authentic earthenware dishes from the Auvergne, microwaves and make-your-own pasta machines, today's hottest accessory for the seri-

ous cook is a blow-torch.

Some weeks ago my son-in-law served a perfect crème brûlée. The topping was evenly crunchy and a heavenly shade of caramel - so much so with our own efforts with a standard grill.

Top chef Alastair Little specifically recommends a blow-torch as a culinary tool in his book *Keep It Simple*. The blow-torch can be used for crisping potato toppings, singeing chickens, caramellising bananas, browning and producing perfectly even brûlées. It costs £10 and runs on propane gas. The Taymar hand-held version is perfect - do not use anything more powerful - and is available in DIY stores.

You can never
be too glamorous
for the Peninsula
Beverly Hills.

THE PENINSULA
BEVERLY HILLS
SHARE THE EXPERIENCE
The Peninsula Hong Kong • Manila • New York • Beverly Hills
The Palace Hotel Beijing • The Ritz-Carlton Hotel Hong Kong

OUTDOORS

Gardening

Be wary of Blairi – give cistus a vote

Robin Lane Fox finds that sun roses can leave their rivals in the shade

Flowers are everywhere and it seems mad to waste a weekend in a town. Roses have even been keeping pace with the news. I have no doubt about my sight of the week: it confronted me on an old brick wall in Oxfordshire with an allegorical message.

All over the brickwork ran the opulent flowers of the old-fashioned rose known as Blairi Number Two. Watch out, you fellow travellers, to judge from this rose's petals. The outer edges are a soft and appealing pink but the centres are a deep rose red, verging on bloodstains.

Blairi's Number Two is a class act as a climber, like the lesser-known Number One. Perhaps we will see it in party buttonholes in 1997. But you might be reassured to know that it is extremely prone to rot when looking its most promising, and that it never performs if it is given its head. It looks best on a scaffold of wood or bamboo.

This weekend, the elusive Blairi Number One can be seen at its best in the great rose garden of Mottisfont Abbey in Hampshire (where I think I remember it on the wall in the far left-hand corner as you enter the first walled square). Number One is nothing but a pale powder-pink, and I have to say that Number Two has eclipsed it.

Roses of this type hate my soil; they show signs of distress and quickly lose their leaves. In order to hide them, I look to the other great shrubs of high summer in the home counties. Three mild winters have done wonders for them and, this weekend, the best have never looked better. On a poor soil for roses, try sun roses instead. These are the evergreen family of cistus which will leave Blairi Numbers One and Two looking very parochial if you ever transplant them to gardens further south.

Cistuses conjure up two different

settings which the post-war intake of gardeners are busily imitating. With one eye, I picture them on the chalk soils of Hampshire, spilling out of borders below the mallow-flowered abutilons which have come safely through the recent frosts between Winchester and Newbury. With the other, I picture them where they grow wild: in the gardens of expatriate-built holes within reach of the Mediterranean. If I was banished from Britain, Blair's roses would be no good at all: I would switch over in quantity to cistuses (a plant which gardeners in France, Spain and Italy still use unimaginatively).

Cistuses, like horses, have run through my adult life, some staying longer than others. By now, I know which ones look best. Go for the white-flowered forms with dark, chocolate blotches and leaves with a sticky surface and a resinous smell. I never understand why many gardeners, especially in hot climates, choose the pink-flowered forms instead: varieties such as Silver Pink or Sunset are much the least interesting.

The first choice has to be Cistus cyprius, which is surprisingly hardy in Britain and magnificent in French or Italian settings. It puts up with awful drought and soon reaches 6ft, needing enough room to spread itself. But be sure that you site it correctly because you cannot move it later. Indeed, the one golden rule for cistus growers is never to transplant an established bush. This spring I broke the rule, just to test it; the result is a dead C. cyprius, just as the books promise.

If cyprius is too big for your taste, you might like to risk others that are denied to those of us in colder gardens. In light shade, there is a white-flowered cistus, called palinensis, which will flourish unexpectedly under tall trees. I first saw it at Wisley and then checked its perfor-



Mottisfont Abbey in Hampshire: this weekend, the elusive Blairi Number One can be seen at its best in the great rose garden

mance with Graham Thomas, the living master of ground cover.

C. palinensis really does spread in light shade, although it will look messy if you have the sort of trees which drip anything sticky on to the ground. It makes low bushes (up to 2ft) and is a much older and grander alternative to yet more hardy geraniums. Anyone with shade in a sheltered garden should try two or three bushes and, if they survive the winter, take dozens of cuttings next year.

Cistuses are extraordinarily easy to multiply, as you can prove for

yourself this very weekend. Simply pull off some of the soft shoots which are not flowering at the tips of a plant, and pot them up in a light, sandy soil. They will be well-rooted by September so long as you water them.

Londoners and expatriates also have the choice of two lovely forms which lack sufficient hardiness for me. The best is lusitanicus decumbens, which has white flowers with crimson eyes and lasts as a broad, spreading bush for a very long season.

It ought to be exploited everywhere in its native Spain and Portugal, but gardeners seem stuck with exotic South African daisies and foreign bedding plants. Against a sunny wall in a warm city, it will last for many years; it is my pick of the main family.

I would match it with a hybrid, raised in Hampshire: Halimic cistus xanthomelas which has small, grey-green leaves and cream-yellow flowers with a chocolate zone in its prettiest named variety, Merrist Wood Cream. Be warned, however, that it has never survived moderate frost

in sheltered corners of Oxford and is emphatically a plant for a pot or a warm garden here or abroad.

Years of losses have taught me there are few certainties in the world of the cistus, but that the taller and smaller-flowered white laurifolius is one of them. It remains a backbone of summer borders and banks, even in places where the frost is relatively sharp.

Since 1987, I have rallied to an

alternative, the broader and bigger-raised Snow White (its elderly raiser kindly wrote to me when last I alluded to it in the FT).

One or two branches have died back since then, but I continue to think it the most under-rated of the hardy forms – and if you saw it right now, you could only agree.

The petals fall nightly from the passing flowers but buds keep on opening and the entire plant now has a spread of 6ft without any sign of distress.

Surprisingly few nurseries either

Fishing/Tom Fort

A glorious evening of sedge frenzy

Readers with retentive memories may recall an account I gave last summer of a week-long trip to Ireland which was attended by bad weather on an almost biblical scale. The experience of having my campaign against salmon and trout reduced to grim farce by flood and tempest compelled a reassessment.

Last year's weakness might have been an excess of planning. This time, I kept my options open until word reached me that the summer salmon were running in the Blackwater.

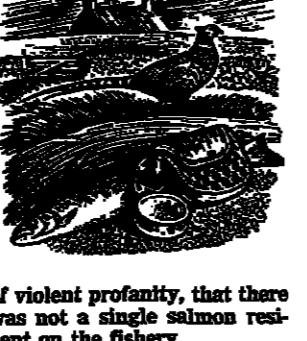
A glance over the bridge at Mallow gave the first hint that the tactics might be flawed. Twelve months before, the Blackwater had been in foaming flood. Now it was a gentle and suspiciously shrunken stream. Where, I demanded of Frank, who guards and cherishes the fishing at Killavullen – was the water? And the salmon?

His sorrowful face told the whole wretched story of the damnable lottery that is salmon fishing. It was now Monday. The previous Tuesday a steady rise in the water had brought the fish up in num-

bers. Frank had six one day, seven the next. By Friday the level was dropping and the salmon had stopped upstream. By the time we – my Irish companion, Niall, and I – arrived, the situation was hopeless.

It was Frank's opinion,

offered to the accompaniment



of violent profanity, that there was not a single salmon resident on the fishery.

We decided to hold a high-level pow-wow, concentrating on the kernel of the problem. This, as ever, was the weather, which was glorious.

The sun was beating down, and the Blackwater seemed to be evaporating before our eyes. Our thoughts turned from the unreliable salmon to

the trout of Ireland's finest trout river, the Suir, no more than an hour's drive away. Next morning found us in the pleasant town of Cahir, across in County Tipperary. We were in a little shop up the hill from the famous Norman castle, buying flies at a furious rate from a woman called Alice Comba. She is quite the most artistic dresser of flies I have come across in many a year, and her premises in Old Church Street are well worth a visit, if you have the good fortune to be in that lovely part of the world.

We knew that our best chance would be during the evening. By 8.30pm we had feasted in a smart new restaurant in the town square, and were tackling up beside the broad, well-loved waters of Swizz Cottage, just downstream from Cahir. It and 15 miles of the Suir are controlled by the Cahir Anglers, a day ticket from Miss Comba costs £8, a season's permit just £12.

I waded across the stream, went down a couple of fields, and fished up a long, deep pool towards a weir. The air was balmy and, as the sun sank in an amber sky, the trout began



to pick at a hatch of olives. But they were as fatidic as ever, and as I neared the top of the pool, I still had not managed to fool one.

Then I saw a clumsy, fluttering movement at the surface, and an eager pounce from a fish. It was a sedge, and within minutes, multitudes of these unprepossessing insects were appearing all over the river, and the trout were going mad.

There is nothing in trout fishing to beat the excitement of an evening sedge hatch, and it was years since I had experienced one. Something about the motion of the creature as it careers across the top in its efforts to gain flight induces abandon in even the most

selective fish. The rises are slashing and savage and the river that velvet June night boiled with the feeding frenzy.

Normally, in such circumstances, I lose my head and fall in, or lose my flies, or break my cast. This time I remained comparatively calm, and within minutes, multitudes of these unprepossessing insects were appearing all over the river, and the trout were going mad.

On the bank, witnessing our endeavours, was a curious little Cahier man. He rebuked me sternly after I had waded back, telling me that I could have fallen into a hole and

been swept away. A friend of his, he said, had a narrow escape a couple of nights before.

I asked him what had happened. It seemed that this friend had borrowed the reins off my informant's horse, and when he wanted to pull a tree out of the water. He had tied a grapping hook to one end of the rope, and the other end to his leg. Throwing the hook around the tree, he had attempted to walk the tree out of the water, fallen headlong, and been "near drowned".

Unable to see the relevance

of this incident to my own case, we bade farewell to the little man and left the river, exhilarated. It had been a memorable night.

Europe will be defined by the opposing ideas of Delors and Thatcher. Her side wants only a confederation of free-trading nation states. Delors will argue that European countries have enough in common in their history, culture and values to make it worth pooling their economic, diplomatic and military resources into a union that can hold its own with the superpowers.

Delors has turned the Community into a powerful entity which threatens national officials, parliamentarians and ministers. It also frightens many citizens. Thanks to Delors, public opinion has become too wrapped in the logic of the EC's institutional mechanisms.

In common with many

national politicians, Delors failed to see that a large part of public opinion understood neither the Community nor what he was trying to achieve. Hence his surprise when, after Denmark's Nej to Maastricht in June 1992, popular sentiment in Britain, France and Germany turned against the EC, the commission and himself.

Open or not, Henry, who has been in charge at Portillo since 1988, was kind enough to run one of the charffiffs just for Lucy and me so that we could ski our compulsory daily run. He and his daughter Elisa even kept us company, while

his black labrador Sally romped down the slope with us.

Then the prayed-for snow started falling with a vengeance, completely contradicting the weather forecast. Tentatively, the Purcells opened a single Poma lift.

After stagnating with minimal skiing for 8 days, Lucy and I were even more boisterous than Sally. We skied relentlessly through falling snow until the lift closed.

I expected to feel dismay at

This is the first resort we have seen being woken up for the winter

being plunged back into winter again so soon, but the familiar feeling of warm blood tingling in my veins on a cold day, and the sharp intake of mountain air, came as a pleasantly invigorating surprise.

Now we are looking forward to trying the rest of Portillo's lifts, including the unique Va et Vient lifts, Rocas Jack and Condor, specially designed for inaccessible, avalanche-prone terrain, and skiing some of Chile's steepest slopes – with the possible exception of the Kilometro Lanzado, on which French Olympic champion Michael Prifer skied at 135.264m.

This is a wild, windswept place. And much as we miss the Californian summer, we are glad to be here.

David Purcell and his brother Henry, both originally from New York, had been praying for a heavy snowfall so that they could open Portillo on time. And the following day, a leaden sky might have given them cause to cheer. But David Purcell did not like what he saw.

"High overcast," he said. "That's exactly what we don't want. We need either snow or clear blue skies so it gets cold enough to make snow. When it's like this it doesn't snow either. Some resorts would open with the snow we already have, but we'd rather wait."

Open or not, Henry, who has been in charge at Portillo since 1988, was kind enough to run one of the charffiffs just for Lucy and me so that we could ski our compulsory daily run. He and his daughter Elisa even kept us company, while

The union Jacques

the president had been misquoted and sent a member of the cabinet to the parliament's office. The envoy found the official who was editing the report of that day's proceedings and bullied him into deleting the offending words. The report had been printed when Lord Pham, the parliament's president, discovered the ruse. He had the report pulped and then reprinted with Delors' true words.

By the end of Delors' reign, his authoritarian management style had created as many problems as it had solved. His network's huge influence undermined the commission's traditional chains of command, and especially the role of the directors-general, the top tier of officials. The regime's excesses harmed the morale of

many officials. Delors and Lamy justified their strong-arm tactics with the argument that, in such a creaking and ramshackle bureaucracy, there was no other way to get things done. However they never attempted

a fundamental reform of that bureaucracy's failings.

Delors has always found ideas and policy more interesting than administration. His departure at the end of this year, and the inevitable wither-

ing of his network, will deprive the commission of its spine – and leave management problems for his successor.

Delors' tactical skill began to desert him in the 1990s. He became over-confident and appeared too ambitious to manage his own federalist designs.

Delors has turned the Community into a powerful entity which threatens national officials, parliamentarians and ministers. It also frightens many citizens. Thanks to Delors, public opinion has become too wrapped in the logic of the EC's institutional mechanisms.

In common with many

national politicians, Delors failed to see that a large part of public opinion understood neither the Community nor what he was trying to achieve. Hence his surprise when, after Denmark's Nej to Maastricht in June 1992, popular sentiment in Britain, France and Germany turned against the EC, the commission and himself.

In the coming decades, the debate about the future of

GARDENING

CLASSIC ROSES

BY PETER BEALES

The largest collection of genuine old roses embracing shrubs, climbers, ramblers and the best of recent times. Over 250 of which are unique to us.

All described in our free, comprehensive, full colour catalogue.

PETER BEALES ROSES (PT)

LONDON ROAD

ATTBOROUGH - NORFOLK

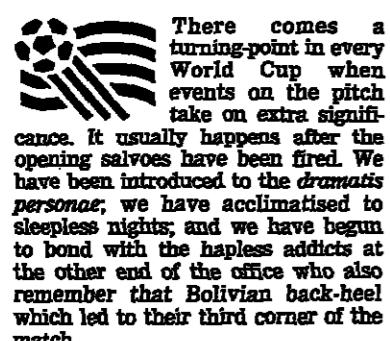
TEL: 0833 454707

FAX: 0833 456945

SPORT: WORLD CUP '94

Turn on, tune in, and marvel with Motson

Britain's TV audience is being served a World Cup mixture of thrills and banality, says Peter Aspden



There comes a turning-point in every World Cup when events on the pitch take on extra significance. It usually happens after the opening salvos have been fired. We have been introduced to the *dramatis personae*; we have acclimatised to sleepless nights; and we have begun to bond with the hapless addicts at the other end of the office who also remember that Bolivian back-heal which led to their third corner of the match.

At this transcendent moment, people who spent the first days of the campaign rubbishing soccer find they have run out of clichés and quips, and start to take an interest, for even they understand that what they are watching is powerful drama.

That moment has arrived early in this splendid tournament, with Thursday's Italian victory over the charmless Norwegians. The combination of a rash piece of goalkeeping and a truly courageous piece of management by Arrigo Sacchi brought us the first unforgettable icon of USA 94: the utterly bewildered face of Italy's Roberto Baggio as he trudged off to be substituted by Luca Marchegiani.

You had to be there in front of a television screen, that is - to up-read Baggio's distress: "*E' impazzito!*" ("Has he gone mad?"). Sacchi stood firm. Off went the cherubic Baggio, up went the voice of BBC commentator John Motson, and suddenly we knew we were in a World Cup.

These are the games, high in melodrama, low in pure footballing skill, which make great television. For the truth is that the various pundits assembled to provide viewers in Britain with "expert" analysis are proving as sadly inadequate as ever.

Reaching a new nadir of banality, John Fasham, who plays for Wimbledon in the English Premier League and is commenting for ITV, revealed plenty about his conception of the game during the closing stages of Sweden vs Cameroon. "In the last couple of minutes," said Fash, "we have had two substitutions; both of them are 6ft 2in, so neither side obviously wants to settle for a draw."

Tell that to the "Norwegian Everest" (*La Gazzetta dello Sport*). Norway are one of the tallest sides in the competition, but have so far displayed

The team with the most legitimate claim to experiencing unbearable mental pressure have provided the saddest story of the week. Colombia had to pull their mid-field player Gabriel Gomez out of their match against the US at the last minute after he had received death threats against his family.

On the field, the Colombians looked ever more ineffectual as they ran their pretty triangles into the thumping tackles of Alexi Lalas and Marcelo Balboa. As they left the field at half-time, the Colombians would have seen a scoreboard which read: "Escobar, own goal", which probably told them more than they needed to know about their homeland.

Lalas and Balboa (wasn't that Rocky's surname?) looked stronger and stronger as the match went on.

Lalas, variously referred to as "the rock-and-roller", "the gypsy" and "Catweazle", looks one of the best defenders in the world on current form - smart money sees him in the Premier League next season - while Balboa came within an inch of scoring the goal of this or any World Cup with a stupendous overhead kick.

At the other end, goalkeeper Tony Meola, who wants to be an actor, glared at the TV camera behind the goal and crossed himself in mock incredulity. The Americans, having seen their basketball championship settled on Thursday, can now turn their attention to the less serious business of watching their soccer players knock the stuffing out of some of the world's greatest teams.

Through a combination of Wimble-

don, short-sightedness and long, bitter memories, we were denied the opportunity of watching live what was surely one of the biggest stories of the first World Cup week - the extraordinary return of Argentina's Diego Armando Maradona, perhaps the only man, along with Pelé of Brazil, to have earned the right to be called a football genius.

This mere fact was not enough to sway Britain's terrestrial TV channels, which had already decided that an ageing, overweight cheetah with a drug problem could not possibly play a decisive role in such a wholesome sporting event.

They should think again. Maradona's body is so battered that he is literally frightened to shoot, in case the force required causes him serious

injury. But against Greece, he saw an opening and could not resist it. Curled into the top corner, it was the most precisely hit shot of the week.

Maradona's sprint to the camera and Munch-like scream into the lens let out four years of fury and resentment. BBC link-man Bob Wilson found it unsavoury. Maradona himself, watching a playback, thought it was "very beautiful".

Surrounded by loyal lieutenants who can move the ball with bewitching speed, and looking significantly fitter than he did in Italy four years ago, Maradona is set to have a final fling with the talent which stubbornly refuses to desert him. He has already won a World Cup single-handed, but will not rest on the memory. It's that mental thing.

On reflection, maybe America got the World Cup not just because its government put in the highest bid but because of people like me, who live in big cities, as well as the suburbs and the immigrants.

I guess Fifa saw that America could become a great soccer-playing nation,

and how much my generation needed a new pastime. Perhaps we are really on our way.

Robbie Walther, 15, plays soccer for Dalton School in New York City. He says that doesn't make him a wimp

both. I tried football, but once I had experienced the joys of a sport in which it takes 30 minutes to put on pads to play for another 30 minutes without ever actually touching the ball with hand or feet (I was big enough to play in the line), I lost my

taste for it. When I said as much to the football coach, he reprimanded me with words that not only told me he liked anchovy pizza but also that he thought I was a wimp. I was nudged towards soccer.

If the football coach started me playing, I have stayed with soccer because it is different and I love it. It does not involve my hands or brain but it does involve my feet and brain (speed helps, too). There is no other sport in the world that allows the feet (and sometimes the head) to do the scoring. So, a country where men like Michael Jordan, Magic Johnson, Joe Montana and Lawrence Taylor are labelled as superior athletes has yet to produce a soccer superstar like Pelé. Just about the only soccer player anybody has ever heard of.

Other kids my age have not been so lucky to have soccer's history and traditions explained to them, and it is hard for them to learn about the game.

Most start not by playing it but through television. And here's something interesting: we can now see TV commercials that use soccer to sell a product - for example, Snickers candy, in which a man is shown juggling a soccer ball.

The target of this commercial is children, which tells me that the advertising people have worked out that soccer just might be bigger among kids than they had thought. Now we have reports that an eight-team American soccer league might be formed.

On reflection, maybe America got the World Cup not just because its government put in the highest bid but because of people like me, who live in big cities, as well as the suburbs and the immigrants.

I guess Fifa saw that America could become a great soccer-playing nation, and how much my generation needed a new pastime. Perhaps we are really on our way.

The global information technology company behind the success of the Barcelona Olympics have designed the state-of-the-art information system for World Cup USA 94. EDS. Because we all know what prestige makes.

A new generation wooed by skill

Why do I, a good, young, upstanding American, play soccer and not American football, baseball or basketball? The question had never crossed my mind before it was announced that the soccer World Cup would be played on American soil.

As soon as I heard the news I was ecstatic but confused. How could soccer's most prestigious tournament be played where football, baseball and basketball had reigned supreme; where soccer had not even been televised on the four major networks; and where anyone who wanted to watch a soccer game either has to listen to a commentary on a cable station - probably in a different language - or go and watch a college match, at times possibly the most embarrassing athletic vision the US has to offer?

My feeling is that it was the suburbs and the immigrant communities around the country that helped create the impression of some interest in

soccer. But one thing was certain. I thought it was not people like me who caused Fifa, the sport's governing body, to choose America as home for the 1994 World Cup.

I have been playing soccer since I was six years old and, since everything back then had to revolve around me, I naturally assumed that just about everybody played soccer.

Now that I am in high school, it is pretty obvious that I am in quite a small minority.

This must have something to do with the availability of soccer equipment in New York City. For a pick-up game of American football in the park, all you need is six kids, a football and something to mark the end zone. Soccer needs a ball, at least 10 kids - and two goals.

Now, some of the suburbs and areas with heavy immigrant populations do have pitches and goal-posts marked out, but not the New York City parks I know. So soccer is almost destined

to falter in the cities, though there are a few of us who keep the game alive in urban areas.

In New York, the football and soccer seasons overlap, which forces choice on anybody who wants to play

to taste for it. When I said as much to the football coach, he reprimanded me with words that not only told me he liked anchovy pizza but also that he thought I was a wimp. I was nudged towards soccer.

If the football coach started me playing, I have stayed with soccer because it is different and I love it. It does not involve my hands or brain but it does involve my feet and brain (speed helps, too). There is no other sport in the world that allows the feet (and sometimes the head) to do the scoring. So, a country where men like Michael Jordan, Magic Johnson, Joe Montana and Lawrence Taylor are labelled as superior athletes has yet to produce a soccer superstar like Pelé. Just about the only soccer player anybody has ever heard of.

Other kids my age have not been so lucky to have soccer's history and traditions explained to them, and it is hard for them to learn about the game.

The target of this commercial is children, which tells me that the advertising people have worked out that soccer just might be bigger among kids than they had thought. Now we have reports that an eight-team American soccer league might be formed.

On reflection, maybe America got the World Cup not just because its government put in the highest bid but because of people like me, who live in big cities, as well as the suburbs and the immigrants.

I guess Fifa saw that America could become a great soccer-playing nation, and how much my generation needed a new pastime. Perhaps we are really on our way.

We've had plenty of practice for the World Cup. It was a little event called the Olympics.



Nigeria 'not afraid' of born-again Maradona

Nigeria, who meet Argentina in Boston today following a 3-0 win in their World Cup debut against Bulgaria, say they are not afraid of Argentina's rehabilitated star, Diego Maradona.

"Maradona is a respected player," said Nigeria's Dutch coach Clemens Westerhof. "We respect him, but we are not afraid of him."

Both teams won their opening games and know they have relatively weak opponents in their last games, so today's Group D match could turn into a goal-chasing clash of two powerful forward lines.

Maradona, the Argentine team captain, opened his fourth World Cup with a brilliant goal that added to three by Gabriel Batistuta in a 4-0 romp against Greece on Tuesday. But he advised caution against Nigeria.

"We have to be very careful. The Nigerians are extremely fast, and we can't give them a millimeter of advantage on the field."

Nigerian star Rashidi Yekini, who scored a goal against Bulgaria, will challenge Maradona for the limelight.

complaining that officials

while the games were

were too distracting.

Letters to local newspapers

demanded government

intervention to stop the

commercial breaks.

Coca-Cola and brewer

Carlsberg and Kao, Cyprus'

leading sponsors of live

coverage, said the

commercial will now air

only at half-time and at the

start and end of games.

Colombians trip up Spain

Butter-wise, my strategy of hacking South American teams has been rocked, but not wrecked, by Colombia's gritties performance and (almost certain) elimination, writes Michael Thompson-Niel. They were my big winners. After Romania beat them, I took another wrong step by betting \$10 each way on Romania at 25-1 (21-1 at half-time, to reach the final).

My other bets - Brazil (3-1)

and Argentina (9-1) - could still show a small overall profit, which means that the time to pump up the volume is fast approaching.

If Brazil and Argentina

win their first-round groups, they will not meet before the final (assuming they survive). But so greedy are Britain's bookmakers that Brazil have been clipped to 9-4. If Romania are eliminated, my combined losses on them and Colombia will total \$3 per cent of my stakes to date - a disgraceful position to be in.

For my next trick, I will probably quadruple my \$20 bet on the Argies, but not until they have played

Nigeria. Coolness is required.

It is what the bookies dread.

Remaining first-round schedule

Date	Group	Venue	Time*	Match
Today	F	Orlando	5.30pm	Bulgaria vs Holland
	F	New Jersey	5.30pm	S. Arabia vs Morocco
	D	Boston	9.00pm	Argentina vs Nigeria
Tomorrow	D	Chicago	5.30pm	Bulgaria vs Greece
	A	Los Angeles	9.00pm	US vs Romania
	A	San Francisco	9.00pm	Sweden vs Colombia
Mon 27/6	C	Chicago	9.00pm	Bolivia vs Spain
	C	Orlando	9.00pm	Germany vs S. Korea
	E	New Jersey	5.30pm	Ireland vs Norway
Tues 28/6	E	Washington	5.30pm	Italy vs Mexico
	B	San Francisco	9.00pm	Russia vs Cameroon
	B	Detroit	9.00pm	Brazil vs Sweden
Wed 29/6	F	Orlando	5.30pm	Morocco vs Holland
	F	Washington	5.30pm	Bulgaria vs S. Arabia
Thurs 30/6	D	Boston	12.30pm	Greece vs Nigeria
	D	Orlando	12.30pm	Argentina vs Bulgaria

*British Summer Time

The quarter-finals will be played on the weekend of July 9-10, in Boston, Dallas, New York and San Francisco; the semi-final on Wednesday, July 13 (New York and Los Angeles); and the final on Sunday, July 17 (Los Angeles).

The technology services behind *WorldCupUSA94* ■
For further information call Bill Wright on (44) 81 754 4318.

EDS

SPORT AND MOTORING



The week's newsmakers, from left: Jeremy Bates, repeating last year's fine performances by British men; nine-times champion Martina Navratilova - given an emotional welcome; and a vulnerable Stefan Edberg, the No 3 seed, beaten in five sets

PA and Reuters

Wimbledon / John Barrett

Delay the funeral, tennis is alive and well

The first week of Wimbledon's 108th tournament has produced so much excitement and good tennis that rumours of the sport's imminent demise seem decidedly premature. A heady mixture of nostalgia, emotion and raw-blooded athletic endeavour has given us entertainment of a high order.

Rod Laver, the 53-year-old Australian who was a four-time singles champion at Wimbledon, provided the nostalgic ovation on the opening day.

The red-haired left-hander, looking slim and fit, received a tremendous ovation when the Duke of Kent, president of the All England Club, presented him with a piece of Waterford crystal to commemorate the silver jubilee of his unique second grand slam.

Following the ceremony, it was appropriate that the world No 1, Pete Sampras, who had idolised Laver when growing

up in California, should have opened the Centre Court programme. A convincing win against Jared Palmer, his neighbour in Tampa, Florida, suggested that anyone with pretensions to Sampras's title will have to produce something very special.

The emotion belonged to 37-year-old Martina Navratilova.

Her arrival on the Centre Court was greeted with rapturous enthusiasm by the assembled crowd, who gave the nine-times champion a lengthy standing ovation that brought a lump to the throat.

In my 45 years of visiting Wimbledon, I have never seen anything like it. Fortunately, Martina was not too much affected by the occasion and saw off the challenge of the British girl Claire Taylor without fuss.

The opening day had offered no clue about the drama that lay ahead. True, Cedric Pioline, the No 13 seed from France,

went out, but that was not unexpected on grass.

Suddenly, on Tuesday, the drama began. On the Centre Court, Steffi Graf, Germany's five-time champion, the overwhelming favourite to retain her title, crashed out 7-5 7-6 to the 30-year-old black American, Lori McNeil.

As if in sympathy with her legion of tearful fans, the gods

were with Lori. This was the biggest upset in the history of Wimbledon. Never before has a defending champion lost her title in the first round.

The doom-laden skies created a Wagnerian atmosphere. In a match played in three rain-interrupted stanzas, McNeil played glorious attacking tennis at the net to reveal the shortcomings in the champion's game.

In strong, gusty wind, Graf's high ball-toss on serve was a liability. On the still sappy grass, the sliced backhand approaches of McNeil, skidding

through fast and low towards her opponent's vulnerable backhand wing, were superbly effective. Even Graf's famous forehand only worked intermittently.

It was obvious that the champion's confidence, dented by a recent loss to Sanchez-Vicario in Hamburg when she had held match points, and

programme in Houston which also discovered Lori's one-time doubles partner, Zina Garrison. By coincidence, it was Garrison who inflicted humiliation on Graf when she beat the German en route to the final at Wimbledon in 1990.

Graf's unexpected departure left a gaping hole in the draw. The other seeds in the top half

were easy for McNeil. Reacting from her sensational win, she struggled to beat Yone Kanno of Japan, but at least she survived.

Meanwhile, there was turmoil among the men's seeds. In the course of four days seven disappeared before the third round, including two former champions, Michael Stich (2) and Stefan Edberg (3).

This year Stich lost in the first round in Australia to Malvina Washington and in the second round in Paris to Aron Krickstein. The brittle German had his cup of grand-slam misery filled to overflowing when he was beaten in a delayed first-round match by Bryan Shelton, another black American. At this rate, Stich will soon lose his No 2 world ranking.

The present world No 3, Stefan Edberg, is unlikely to be the man to overtake him. Looking vulnerable on serve

from the start, the 23-year-old

Swede was beaten in five rousing sets by Kenneth Carlsen after leading by two sets to one.

Thursday produced two magnificent encounters. In the first, the French Open champion, Sergi Bruguera of Spain, beat Australasia's big hope, Patrick Rafter, in a five-set marathon on Court No 1.

Bruguera prefers clay courts and has not played here for three years, but he adapted to the different demands of grass with the skill of a natural competitor.

Some of his acutely angled touch volleys were a joy and his ground strokes, fizzing with topspin, made life at the net uncomfortable for the man uncomforable at the game Australian.

How nice it was to see artistic French left-hander Guy Forget restored to fitness after a year away following operations on a knee.

His five-set win against last year's finalist, Jim Courier,

was a joyous and skilful occasion, not least because the two combatants, old friends and rivals, displayed a chivalry that is rare these days. Here were two men giving everything from their opponent's winners. It left you feeling uplifted.

How stirring, too, that last year's fine performances from the British men were repeated, this time by Jeremy Bates and Chris Wilkinson. At 31, Bates is performing as well as ever. Perhaps the responsibilities of fatherhood were what he needed to give him stability and maturity.

Wilkinson, who reached the third round last year, is relieved to be playing at all after enduring one of those frustrating injury spells - in his case a tendonitis of the wrist - that so often end the careers of promising athletes.

It has been a good week for Wimbledon - and for tennis. Postpone the funeral.

Turmoil among the men's seeds is one of this year's features

another to Mary Pierce in Paris, was still damaged.

Before they started McNeil, who had beaten Graf once before - two years ago, in the first round of the Virginia Slims - said she fancied her chance in a first meeting on grass. How magnificently she took it.

So did some of the unseeded women, such as the Eastbourne winner, Meredith McGrath. Her meeting with Sabatini was the highlight of

John Wilkerson's public parks

responded well. Conchita Martinez (3), Kimiko Date (6) and even Argentina's fallen angel, Gabriela Sabatini (10), started playing with renewed enthusiasm.

So did some of the unseeded women, such as the Eastbourne winner, Meredith McGrath. Her meeting with Sabatini was the highlight of

John Wilkerson's public parks

fought hard in the last five years or so, in concert with other Europeans and Americans, against the increasing Latin-American domination of the IOC voting process, the country that gave most to de Coubertin's vision of modern athleticism is now becoming marginalised.

Princess Anne is the sole current UK member, but her position and other commitments make it impossible for her to become completely involved in the Machiavellian and high-stakes world of international sports politics.

Sebastian Coe, the Olympic gold-

medal runner turned Tory MP, and Craig Reade, chairman of the British Olympic Association, are the candidates to fill the IOC vacancy

created by the mandatory retirement of Dame Mary Glazebrook.

Coe is much liked by Samaranch, who appointed him a member of the Athletes Commission and - notoriously - gave him a personal invitation to compete in Seoul after the middle-distance runner had failed to qualify for the British team. Reade, a former president of the Badminton federation, is well-connected in the top echelons of sport and would quickly become a force for common sense and less grandeur within the IOC.

Both men are the type the IOC

needs to embrace if it is to renew

itself for the coming 100 years. But

the "recruitment freeze" - based around the Samaranch passion to

reform and tighten the movement - means neither will have an opportunity to contribute.

In the US, a similar problem surrounds the vacancy created by the resignation from the committee two years ago of the disgraced Robert Heilmann. The obvious candidate, Peter Ueberroth, master of the Los Angeles Olympics, has much to contribute but seems to have little chance of joining the IOC.

There is always friction between a host city and the Olympic committee the frantic couple of years before a Games. However, relations between Atlanta and Lansdowne are unusually frosty, with some senior IOC figures beginning to wonder if it was not a terrible mistake to award the games to that city.

Some of those difficulties - which are likely to get worse in the two years left before the 1996 Games - might have been avoided if the Olympic experience Ueberroth garnered in Los Angeles in 1984 were available within the IOC.

Olympic politics / Keith Wheatley

Why small is beautiful

is remarkable how these principles have endured, in spite of developments such as television and sponsorship.

Earlier this year, Samaranch wrote privately to each IOC member asking for views on two subjects: fixed rather than lifetime membership and the involvement of presidents of individual sports federations as temporary members during their terms of office.

So far, 52 have replied - a little more than half. Samaranch is looking for a reform consensus he can bring to the August Congress of the Olympic movement - the first since Baden-Baden in 1981 - but, as one IOC insider put it, "asking members to support fixed terms

is like getting turkeys to vote for Christmas".

One tactic that Samaranch and his executive board seem to be employing, perhaps to show the IOC the dangers of strophy, is not replacing members who die or reach mandatory retirement age.

No new members have been elected for over two years. And the Lausanne headquarters of the IOC has made no commitment to elections at the congress. Countries such as the UK, Italy and the US, which have previously had two members (as a recognition of having held the Games) now have one, simply through non-replacement.

Possibly, Britain is in the most curious position of all. Having

fought hard in the last five years or so, in concert with other Europeans and Americans, against the increasing Latin-American domination of the IOC voting process, the country that gave most to de Coubertin's vision of modern athleticism is now becoming marginalised.

Princess Anne is the sole current

UK member, but her position and

other commitments make it impossi-

bile for her to become completely

involved in the Machiavellian and

high-stakes world of international

sports politics.

Sebastian Coe, the Olympic gold-

medal runner turned Tory MP, and

Craig Reade, chairman of the British

Olympic Association, are the

candidates to fill the IOC vacancy

created by the mandatory retire-

ment of Dame Mary Glazebrook.

Coe is much liked by Samaranch,

who appointed him a member of

the Athletes Commission and -

notoriously - gave him a personal

invitation to compete in Seoul after

the middle-distance runner had

failed to qualify for the British

team. Reade, a former president of

the Badminton federation, is well-

connected in the top echelons of

sport and would quickly become a

force for common sense and less

grandeur within the IOC.

Both men are the type the IOC

needs to embrace if it is to renew

itself for the coming 100 years. But

the "recruitment freeze" - based

around the Samaranch passion to

reform and tighten the movement -

means neither will have an opportunity to contribute.

In the US, a similar problem sur-

rounds the vacancy created by the

resignation from the committee

two years ago of the disgraced Robert Heilmann. The obvious candidate, Peter Ueberroth, master of the Los Angeles Olympics, has much to contribute but seems to have little chance of joining the IOC.

Motoring / Stuart Marshall

The car substitute with a wiggle

Will the new wave of multi-purpose vehicles (MPVs), such as the Peugeot 806 I wrote about last week, put a stop to the growth of on/off-road 4x4 sales?

I suspect so. But Land Rover most definitely hopes not: all its eggs are in one massive, permanently four-wheel-driven basket. It follows that any move in life-style aspirations away from waded cotton jackets, green wellies, jodhpurs and knobby tyres would be bad news.

Ask typical urban or suburban owners why they chose this sort of vehicle instead of a normal car and most will praise the high seating pos-

ition and interior space, even though this can be more apparent than real.

The one thing they never mention is cross-country capability - because they have no intention of leaving the tarmac and would not know what to do if they did. Thus, the benefits of the complicated transmission and high-slung suspension designed for off-road work are never exploited.

A much more logical and effective form of transport would be one of the growing band of MPVs, which combine lots of interior space with a high driving position. But when did logic guide car purchase? So, without taking back a word of the above, I have to

say that the Jeep Grand Cherokee I drove for a week recently was vastly enjoyable to use as a car substitute, even if the back and sometimes wiggled like Marilyn Monroe's.

The 5.2-litre 213 horsepower, V8-engined Grand Cherokee, with four-speed automatic transmission and engaged four-wheel drive, is as American as mom's apple pie. Never mind the little wiggle; it is wonderfully comfortable because it rides shock-absorbingly with finger-light steering and has enough power and traction to master any driving situation.

It will out-accelerate most executive cars and cruise as quietly as they do at business

speeds. Display panels tell the driver the day, date, time and outside temperature, when the next service is due, and even the direction in which they are driving. Superficial air-conditioning, cruise-control, anti-lock brakes and a good six

speaker stereo are part of the package.

You cannot expect any hefty on/off-roader with an engine the size and power of this one to be frugal with fuel but the Grand Cherokee is by no means a heavy drinker. The transmission is so eager to get into the high top gear that a driver content to cruise at the US legal maximum of 55 or 65mph (88 or 105km/h) should see well over 20mpg (14.1 litres per 100km).

An enormous spare wheel and tyre takes up about 20 per cent of the load floor but there is still a lot of room for luggage. And roof rack side-bars, which are built in, have instantly-adjustable crossbars for carrying things such as windsurf boards.

At £27,995, the Grand Cherokee is about 27,000 cheaper than a comparable Range Rover Vogue or Mitsubishi Shogun, but it would look just as much at home at a small-country occasion. The snag is that it only comes with left-hand steering, although there are plans to introduce right-hand drive versions, pos-

sibly by late next year.

Unlike Land Rover, Jeep (part of the Chrysler organisation) has hedged its bets. If the trend by now has moved away from on/off-road 4x4s, Chrysler's Voyager MPV, will be waiting in the wings, complete with right-hand steering.

MOTORS

1994 4x4s:

TRAVEL

In Megalopolis only the veneer is modern

Cosmopolitan Buenos Aires is a city best at remembering the past, says Nicholas Woodsworth

I did not think I would like Buenos Aires. Everyone I met along the way told me I would not.

"What's the point? It's a big, modern, noisy city," said a New Yorker I bumped into on a trail in the Andes.

"You want somewhere exotic, sensual, a city with palm trees - try Rio," suggested a Norwegian from his hammock in the Amazon basin.

"It is not really South America at all," said a Parisian I met buying an alpaca poncho in an Indian village. "You might as well be at home."

They were right, of course. Buenos Aires is cosmopolitan, a western-style city with little of the allure, the climate, the strange people and odd sights that usually attract travellers to South America. Why, indeed, go to such a distant place only to feel so close to home?

But my fellow travellers were wrong, too. Buenos Aires' first-world sophistication on a rough-hewn, third-world continent is remarkable in itself, and I ended up liking the city very much.

Wild and woolly South America ends, and civilised Buenos Aires begins, at Tigre, a small Argentine town at the confluence of the Uruguay and Parana Rivers. North and east it is no distance by boat to Uruguay and a great sprawling river delta where channels of water twist and braid and meander off into the distance of a vast continent.

But Tigre is also a city suburb, the last station on Buenos Aires' northern commuter railway line. Just 30km to the south lies the heart of a great metropolis of more than 12m people.

Something struck a chord as I sat in the Tigre train heading to Buenos Aires' Retiro station. After weeks of Latin American exotica, the suburbs of the city, seen through a train window, were all so familiar and banal that I felt a sense of *déjà vu*. I was on every commuter train I had ever taken in every city I had ever lived.

I recognised those men in suits, briefcases in one hand, folded newspapers in the other, standing on the platform at San Isidro station. I recognised the dusty plasters waiting at working-class Victoria; the rock-music graffiti scrawled on the walls at Nunez; the Italian restaurants at Belgrano; the neglected houses of the poor at Viteyres; the private school children in caps and ties at Olivos; the shopping centre at Rivadavia; the family estate car parked outside the phony Tudor half-beam house at Vincente Lopez.

Hot-dog carts dominate busy street corners. In the chic Recoleta district, professional dog-walkers trail behind gaggle of canines while their owners - thin women of impeccable taste - move between boutique, private gallery and exclusive pastry shop.

All interesting enough, considering the continent that surrounds it.



People in Buenos Aires may move to northern big-city rhythms but, like their Mediterranean forebears, they are gregarious, emotional, leisure-loving and sentimental

They were part of my own urban life. All big city dwellers from the west, I knew before I arrived, would find something of themselves in Buenos Aires. Downtown Buenos Aires roars, a commotion of people in a hurry. There is a good dose of *déjà vu*. I was on every commuter train I had ever taken in every city I had ever lived.

The city is laid on a grid pattern of rectangular blocks. You can look for miles down canyons of buildings. Fleets of yellow-and-black taxis cruise the avenues, their drivers as happy to run you down as blind.

Hot-dog carts dominate busy street corners. In the chic Recoleta district, professional dog-walkers trail behind gaggle of canines while their owners - thin women of impeccable taste - move between boutique, private gallery and exclusive pastry shop.

All interesting enough, considering the continent that surrounds it.

But there are hundreds of such middle-class cities about. And, quite frankly, there does not seem to be much left of the once-touted romance of Argentina.

It has been swallowed in the noise and traffic of a megalopolis. The days of the gaucho are long gone, as are the huge fortunes that were made on the pampa through wheat and cattle. The playboy Argentine millionaire with his vast estancia and polo ponies seems to have disappeared, as have the strains of the tango that used to float through dance-halls and the crowded quarters of the city.

A brutal military dictatorship, a hideous war with Britain and a preoccupation with continuing economic crisis seem to have effaced much of the distinctive character of the city. But Buenos Aires has plenty of character, and remains a city like no other. It is a deceptive

place. It appears, at first glance, modern, new-world, hard-edged. But that is only a veneer. Unlike US cities, which look to the future, Buenos Aires is much better at remembering its past.

This is essentially a southern European city, often old-fashioned and traditional in outlook. Its inhabitants may move to northern big-city rhythms, but like their Mediterranean forebears they are gregarious, emotional, leisure-loving and sentimental.

Buenos Aires spends much of its time recalling its greatest days and, still further back, its European origins. It is not difficult for the visitor, too, to peel back the layers of the years.

Porteño - the city's inhabitants - tell you proudly that in the early part of this century Argentina was

one of the leading economies of the world, well ahead of such backwaters as Canada or Australia. Money was no object; anything was possible. There is proof of this even in the commercial downtown district, where, above modern ground-floor facades, are bizarre and ornate follies imitative of long-gone European architectural fads.

Nor is Buenos Aires' monumental architecture any more firmly rooted in the new world. Today the grounds around the Palacio del Congreso - Argentina's national congress - are shabby and neglected. Years of economic decline and vast public debt have taken their toll.

But it does not take much imagination to see it as it was - bronze and marble statues reminiscent of Rome's, gardens as noble as those of Paris, public architecture as imposing as Madrid's. Still in magnificent condition today is the nine-

story Teatro Colón, imported from Europe block by block, tile by gilt tile, and regarded as one of the finest opera houses anywhere.

My favourite old-world haunt, though, was the tree-lined Avenida de Mayo, designed by Spanish architects in the 19th century. Stroll here with elegantly-dressed crowds on a balmy January summer evening, take coffee in Tortoni's wood-panelled and red-leather-upholstered cafe, and you could not tell that you were not on a boulevard in some elegant southern European city.

If *Porteño* placed so much importance on things European, it is because they never wholly cut their ties, and remained eternal immigrants on an essentially foreign continent. Between 1850 and 1950 6m Europeans began new lives in Argentina, many settling in Buenos Aires.

White, largely urban and imbued

with middle-class values, Argentines feel little affinity for the rest of South America, much of it poor, rural and of mixed, mestizo blood. Nor do Bolivians, Brazilians and other South Americans have great affection for Argentines.

For many who immigrated - half of them Italian, a third Spanish, others German, French, Portuguese and middle-European Jews - a new life in Buenos Aires was moulded by poverty. It was out of the alienation of displaced working people that much of Buenos Aires culture, including the tango, grew.

I did not spend too much time after dark in La Boca, the working-class area down by the old port where Buenos Aires life began for many of the early Italian immigrants. The brothels have gone, knife fights in the bars are less common, and most of the squaddied tenement buildings have been pulled down. In the day-time it is a good place to walk to get an idea of the city's beginnings, but at night it is a little rough.

But I did spend more time in San Telmo, another working-class district close by. It is becoming slowly gentrified, its warehouses being turned into artists' studios, its once-crowded dwellings converted to antique shops jammed with family treasures - clocks and porcelain, cast bronze and marble, mirrors and wind-up gramophones - imported by later and wealthier generations of *Porteños*. But there is still a genuine neighbourhood atmosphere that, for me, brought out the best of the great urban culture that is Buenos Aires.

I toured the markets with local housewives, watched old men in their undershirts playing dominoes under the trees of the Plaza Dorrego, and kicked a ball in the street with a young crew of future Maradonas. In Des Niveles, a simple little restaurant with plastic table-cloths, 10-gallon wine jugs and a vast charcoal grill, I ate thick Argentine steak, the tenderness in the world.

Best of all, I found a small place called A Media Luz - in the Half Light. There are not many places left these days where you can watch and listen to tango, the sensual dance, the sad songs that for generations of immigrants were the expression of absence and loss.

But the elderly *Porteños* gathered in A Media Luz not only knew the music, they remembered the words and sang them with tears in their eyes. For all its modern bustle, Buenos Aires is an evocation of the past.

HOLIDAYS & TRAVEL

FLIGHTS

BRAZIL

• First Class Return • SAO PAULO from £2,250

• Club Class Return • SAO PAULO from £1,750

• Also Promotional Fares • TO EVERY BRAZILIAN CITY

AMERICAN EYE LTD
1/3 Wardour Street, London W1V 8TA. 071 439 7416 Fax 071 439 9787
ABTA TRAVEL AGENT A3828 Acc/WDG/Sw

MIDDLE EAST

GULF SPECIALS
£499 from LONDON

DUBAI, MUSCAT, ABU DHABI,
KUWAIT, DOHA, DHAHRAN,
RIYADH, JEDDAH, BAHRAIN,
TEHRAN FROM LONDON AND OVER
15 UK REGIONAL AIRPORTS

PRINCIPAL/ECONOMY DISCOUNTED
Also multi-stop itineraries

CALL OR FAX NOW
With your travel agency and we
will quote you a deal!

CRUXTON TRAVEL
Tel 081 426 9444
Fax 081 422 6364
ATA - ABTA 63636
We make scheduled flights
more affordable!

SPECIAL
INTEREST

THAILAND
Forgotten beaches &
friendly faces

Woodlands Resort PATTAYA
7nts £499
2nd week £56

Our wide choice of holiday
accommodation
See your travel agent or
CALL 081-748 5050

HAYES and JARVIS
Travel Agents since 1873

HOTELS

MARBELLA
HOTEL
LOS MONTEROS
32 years of tradition
makes us one of
Spain's best
Resort Hotels

Please note: our rooms
are open throughout the
year.

Exclusive Beach club
4 swimming pools
3 Gourmet restaurants
4 Bars
Night club
TENNIS
GOLF - TENNIS - SQUASH

PORTUGAL

N. LISBON, PORTUGAL
Exceptional beautiful property to
rent on wine producing estate. Nr.
the ocean just outside the
town of São Joao das Areias 12-16,
swim pool, staff of 4 incl cook.
Still avail. July & from mid
September. Contact International
Chapters for this & other beau-
tiful property in Portugal. 071 722 0729

AFRICA

ZIMBABWE
TANZANIA, ZAMBIA & UGANDA
TAILORMADE SAFARIS

Luxurious remote lodges.
Walking, canoeing, riding and
vehicle safaris with the very best
guides. Superb wildlife.
Affordable cost. Call us to make your ideal safari.
Phone John Burdett on
0800 422 5070

AFRICA EXCLUSIVE
Hamilton House,
68 Palmerston Rd
Northampton, NN1 5EX.

CARIBBEAN

BAHAMAS
Luxury Motor Yacht
based Nassau; up to
8 Guests plus Crew.
Attractive Rates.

Brochure:
0890 840678/509

FINANCIAL TIMES

Advertisers are responsible for the content of their advertisements. We do not accept liability for any errors or omissions. Advertisers are advised to take legal advice before entering into any agreement.

KENYA

KENYA

Wild Wintersun at tame prices

Gatwick departures 19 & 26 April, 3 May '95.
Departures also available from Manchester Airport.

Diani Sea Lodge
A charming Three Star beachside
hotel with large swimming pool

Lagoon Reef Hotel
A Three Star hotel with ornate pool
& gardens on Diani Beach.

Travellers Beach Hotel
A stunning Four Star hotel on Nyali
beach with huge gardens & pool.

See the Inspirations Kenya brochure for even more superb
value beach hotels, tropical weddings, and the widest range
of safaris into the wilds of Kenya, Tanzania and Uganda,
all with quality Caledonian direct flights.

See your travel agent or
call 0293 822244 24hr
brochurephone.

Inspirations
pic

organic

ORGANIC FOODS LTD
100-102 HANOVER STREET, MANCHESTER M1 1JL
TEL: 0161 226 1000 FAX: 0161 226 1001

Organic Foods Ltd is a company limited by guarantee registered in England No. 1322222 VAT Reg. No. 230 100 100

Organic Foods Ltd is a member of the Organic Trade Association

Make sure you don't miss Business Travel Classified every Monday in the Financial Times. It provides a definitive market-place for hotels, business travel agents, business flights, and any other service that will ease your journey.

For advertising information contact:
Julia Copeland +44 71 873 3559 or
Graham Fowles +44 71 873 3218
Fax: +44 71 873 3098

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

COUNTRY PROPERTY

STRUTT & PARKER

Angus Forfar 3 miles, Dundee (Station) 15 miles. Charming residential and agricultural estate with extensive woodlands and potential for a first class shoot. Lot 1: Burnside Estate - About 574 acres. Mansion House: 5 reception rooms, 3 bedrooms. House Farm: Farmhouse, traditional farm buildings. Lot 2: East Mains Farm - About 244 acres. Compact arable farm with farmhouse, traditional steading. Lot 3: Garrison Cottage - About 2 acres. About 826 Acres in all. For sale as a whole or in 3 lots.

Edinburgh Office Tel: 031-226 2500. Ref. 3AA463.

Berkshire Newbury 8 miles, M4 (J13) 6 miles, Reading 12 miles, Paddington 25 minutes. A handsome country house situated on the edge of the picturesque village of Yattendon. Reception hall, drawing room, dining room, sitting room, kitchen/breakfast room, utility room, cloakroom, 7 bedrooms, 4 bathrooms, dressing room, 3 bedroom cottage. Garage, heated swimming pool, residence tennis court, gardens and paddock. About 3 acres.

Newbury Office Tel: (0635) 521707.

Ref. 14AAKZ7.

Cheshire Chester 5 miles, Liverpool 30 miles, Manchester 42 miles. The Hatton House Estate - An outstanding modern house, leisure complex, and a well equipped arable and grass farm. 4 reception, 6 bedrooms (all en suite), etc. Leisure complex with indoor swimming pool. 3 further flats. Formal garden, lake, lodge. Extensive modern farm buildings.

198 Acres. For sale as a whole. (A further 68 acres and 3 cottages may be available). Chester Office Tel: (0244) 320747. London Office Tel: 071-629 7282. Ref. 12AA2610.

Cheshire - South Wirral Chester 10 miles, (M53) 6 miles, Liverpool 17 miles. A magnificent Grade II Victorian Gothic house in a rural parkland setting. Hall, 3 reception rooms, 7 bedrooms, all with en suite bedrooms, 2 room annexe. Self-contained office suite. Garage. (Lodge & 16 acres available by separate negotiation). About 31 acres. (24 acres subject to tenancy). Region £750,000.

Joint Agents: Matthews & Goodman, Liverpool. Tel: 051-236 8732.

Strutt & Parker Chester Office Tel: (0244) 320747.

Ref. 12AAKZ7.

East Sussex - Nr. Robertsbridge Rotherbridge 1½ miles, London Charing Cross/Cannon Street 70 minutes, Tonbridge Wells 14 miles. A fine Grade II Listed Edwardian house with views across its own land. 5 reception rooms, 10 bedrooms, 3 bathrooms. 2nd floor with 10 further bedrooms and 3 bathrooms. Detached east, cottage and bungalow, range of buildings, gardens and land. About 170 acres.

As a whole or in 2 lots. Joint Agents: Joyer & Co. Tonbridge Wells. Tel: (0892) 511456. Strutt & Parker London Office Tel: 071-629 7282. Ref. 1AA51957.

Surrey - Ockley Dorking 7 miles, London 32 miles, M25 (J9) 13 miles. An attractive country house in an unspoilt but accessible rural position. (Presently divided into two but easily re-united, comprising: 1 hall, 6 reception rooms, 6 bedrooms, 2 bathrooms. A self contained annexe. Open fronted barn, stable, garage for 4 cars, gardens, paddock. About 1½ acres. Region £475,000. London Office Tel: 071-629 7282.

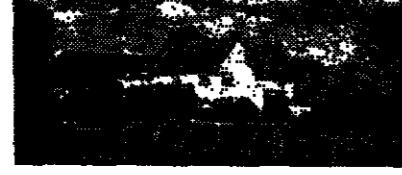
Ref. 1AA51957.

13 HILL STREET BERKELEY SQUARE LONDON W1X 8DL

Tel: (071) 629 7282. Fax: (071) 409 2359.

EGERTON

OXFORDSHIRE
NR HENLEY-ON-THAMES



Henley 2½ miles, Reading 7 miles,
(Paddington 25 minutes), Central London 40 miles.
**A FINE FAMILY HOUSE OF TUDOR ORIGINS
WITH GOOD OUTBUILDINGS AND PADDOCKS.**
Hall and 4 Reception Rooms, Kitchen, Utility Room,
Cellars, 6/7 Bedrooms, 3 Bathrooms.
2 Bedroom Cottage, Timber framed Barn,
Range of Stables, Gardens, Paddocks.
About 25 Acres.

WEST SUSSEX
NR CUCKFIELD



Haywards Heath 4 miles, Gatwick Airport 12 miles.
(Victoria 30 minutes)
**A FINE LISTED 17TH CENTURY TIMBER FRAMED
FARMHOUSE WITH EXCELLENT EQUESTRIAN
FACILITIES.**
Hall and 2 Reception Rooms, Office Kitchen/Breakfast
Room, Utility Room, 5 Bedrooms, Dressing Room,
3 Bathrooms.
1 Bedroom Cottage, Stableyard with 12 boxes and
2 Bedroom Cottage, Barn with Planning Permission
for Office use. Railed Paddocks and Woodland.
About 47 Acres

127 MOUNT STREET, LONDON W1Y 5HA
TEL: 071 493 0676 FAX: 071 491 2920

SAVILLS
INTERNATIONAL

BRODIES

SCOTLAND, ANGUS

Blairgowrie 19 Miles

Braemar 24 Miles

AN OUTSTANDING EASILY ACCESSIBLE SPORTING ESTATE
WITH A SPECTACULAR LODGE AND SOME OF THE FINEST DEER
STALKING IN THE EASTERN GRAMPIANS.
AVERAGING 115 STAGS, 300 HINDS, 21 BRACKY OF GROUSE AND 22 ROE
7 Bedrommed Lodge and adjoining cottage.
5 Estate houses and cottages.
Profitable sheep farm. Deer Park. 300 Acres of woodland.
Excellent pheasant shooting and duck shooting.
Trout fishing on the river Isla.
ABOUT 12,500 ACRES.
FOR SALE AS A WHOLE

BRODIES W.S., 15 Atholl Crescent, Edinburgh EH3 8HA.
Telephone 031-226 8888

**HENRY
ADAMS**

GOODWOOD
(Chichester 4½ miles)

The burnt out shell of a period cottage for restoration and reconstruction with 2.4 acres in a spectacular and prominent position at the top of the South Downs with stunning views towards Chichester & the coast.

COMPTON
(Peterfield 8 miles)

County Homesearch

An independent, cost effective and very successful house finding and buying service.

Dorset & Cornwall - 0872 223349
Hants & Dorset - 0962 715768
The Cotswolds - 0242 242268
Bucks, Berks & South Oxon - 0494 766148
Surrey & W. Sussex - 0730 817444
Wiltshire & Somerset - 0793 731881
Bedf, Herts & Cambs - 0234 354592
London - 071 738 8938

BIDWELLS
CHARACTER & COUNTRY HOUSES

CAMBRIDGESHIRE - HILDERSHAM

Cambridge 7 miles • Newmarket 12 miles

Well appointed village house close to River Great Ouse.
4 reception rooms, 5 bedrooms, 3 bathrooms (2 en-suite). Garage,
stable block, Garden. Wooded grounds. 3 paddocks. River frontage.
About 11 acres - offers around £425,000

0223 841842

STONECROSS TRIPPLETON CAMBRIDGE CB2 8TU
CAMBRIDGE NORWICH FOWLER CONDUIT BRENT

NORTH EAST FIFE
Nr Auchtermurchy (Scotland)
A beautiful detached, newly built house in stone.

Viewing is essential to fully appreciate the exceptional location of this unique property. Enjoying a sheltered sunny aspect it is South facing in an area of outstanding natural beauty. The views are magnificent, combining traditional aesthetics with the convenience of modern living. The 5 bedroomed house is designed around a central tower in the Scottish style. Features include a large inglenook fireplace and gallery over, etc. Architectural award applied for. Garden ground, woodland and paddocks available.
Offers around £250,000
PARTICULARS FROM BETTERCOURT LTD.
TEL: 031 557 8741 (ANY TIME)

Bryan Bishop

HERTFORDSHIRE
Superb 8½ acre site with
planning permission for
single dwelling.
Sale by tender only.
Bryan Bishop & Partners:
Tel: 0438 718877
Fax: 0438 718888

**DEVON/CORNWALL
CGT SHELTER**
Dot system of Holiday investment lodges
• Full Management Services
• Let & Rent with Capital Growth
• Extremly Secure
Freehold or Leasehold
Packages £28,500 to £2 million
0626 776988
VERNON KNIGHT ASSOCIATES

SOMERSET/DEVON BORDER. Taunton 8 miles. Established field study centre in highly attractive rural location. Two character houses (3 and 4 bedroom), with dormitories, etc. Suitable for up to 60 people. In all about 12 acres. £210,000 on going concern. Greenstone Hunt - Taunton (0823) 277121
C.G.T. OPPORTUNITY Land Cornwall, 3 km by beach front. £320,000. Fully furnished. MARSHALLS 0503 264884

On the Instructions of the Trustees of
The Seventh Duke of Newcastle
A Sale At Auction, 6 July 1994, of the remainder of the Duke's
Manorial Estate in Nottinghamshire
The Lordship of Worksop
(to include the historic right to support the Bassetts' right banner
the Coronation and Duke's Coronation Robes)
The Lordship of Newark-on-Trent
(to include the Barbershop Royal Coat of Arms, Almonry Staff, and
Illustrated Local Address)
The Lordship of Clumber (with Cotes Estate)
And the Lordships of the Manors of Annesley, Cottesby, Belvoir,
Carrington, Carlton-in-Lindrick, East Stoke, Eggesford,
Ellesley, Everton, Flintham, Gresford, Gunthorpe, Houghall,
Holdstock, Kilham, Kiveton, Loutham, Maxton, Metheringham,
Clinch, Marton, Newthorpe, Oulton, Peverell, Shilton, Stockwith,
Stockwith, Walesby, Wawerfield, and Willoughby. To be
included with the lots. Other robes, a ducal coronet, a
Coronation page's costume, Illustrated Address, Images of
British and European Orders of Chivalry, documents, and
Illustrated Pedigree Book, dating from 1725. A colour
Catalogue and particulars of the Lots is available for £5.00
(£5.00.00) by cheque or any Credit Card from
Manorial Auctioneers, 104 Kemsing Lane, London SE11 9RE. Tel: 071-7326423 Fax: 071-7326462

BETWEEN THE LAKE DISTRICT AND THE EDEN VALLEY

CROSSING HALL

Cumrew, Kendal, Cumbria

French 10 miles, Appleby 12 miles, Kendal 10 miles, Carlisle 20 miles
A FASCINATING GRADE II LISTED ENGLISH COUNTRY HOUSE
LARGELY UNALTERED SINCE 1915 SET IN ITS OWN GROUNDS AND WOODLANDS
ABOVE THE RIVER LYVENNET ABOUT 26 ACRES IN ALL.
• Principal Reception Room, 5 Main Bedrooms (with Dressing Room);
original Domestic Quarter; 7 Servants Bedrooms and Second Floor Attic
Accommodation. Charming detached Grade II Listed Stable Block and Cartyard
with Dovecote and Gazebo (available separately if required).
All suitable for a variety of situations were subject to planning consent.

FREEHOLD FOR SALE BY PRIVATE TREATY
Lawther Scott Harrison, 3 St. Andrew's Court, Kendal, Cumbria
TEL: 0768 645411 FAX: 0768 65576

**ARDNAMURCHAN PENINSULAR
GLENBORRIOODALE.** Area of great natural beauty, offering most privacy & privacy. An area of 1 acre with plan patios, dressing room. Steamer Cottage 0161 881 0000
COTSWELL. Spacious living overlooking the River Avon. 3 reception rooms, master bedroom, dressing room and en suite bathroom, bedroom and bathroom. Garage and garden. JACKSON-STOPS & REED
TEL: (0808) 214222 FAX: (0808) 400000

COTSWOLDS - Freehold cottage plus studio. 2½ bed stone bungalow plus 4/5 stone cottage with terrace and sunroom. £18-19K per set in 1.5 acres on the Larmer Tree, £200,000. Additional 4.5 acres available if required. Walk to Box Dene, Painswick, Tewkesbury, Gloucester, Cheltenham, London SE1 5HL.

OXFORD LARGE, DESIRABLE Park Town house in Drapers School. Tel/Fax: 0808 814246 or see Country Life June 23.

LONDON PROPERTY

S.T. MARY'S PLACE

KENSINGTON GREEN • LONDON W8

Eight substantial houses offering a harmonious blend
of location, quality and luxury.

• 4-6 BEDROOM FREEHOLD HOUSES FROM £1,120,000-£1,600,000
• PRIVATE LANDSCAPED GARDENS • INTEGRATED CAR PARKING

• 24 HOUR SECURITY

Call the Sales Office at Marlowe Road today on

071 938 3350

SAVILLS

B

It's
T

1131

PROPERTY

Back to basins is a surprise theme for urban renewal in Manchester. The basins belong to the city's many canals and were used by traders and commodity dealers in the 19th and early 20th centuries to unload their goods, cotton chief among them. The bales were taken to red brick warehouses as grain as parcels.

By 1988, however, when the Central Manchester Development Corporation took control of 470 acres, 40 per cent of the land was derelict while the canals were in disrepair or full of contaminated waste. The population was down to 250.

Over the years, the basins had been filled in and built over. Luckily, many of the great warehouses survived. What could be done with them to re-energise the city's heart? The answer was to use the

canals — there are eight miles of them in the CMDC's patch — and dig out the basins as open spaces to encourage pleasure craft while converting the warehouses to flats and mixing in new buildings on the quayside around the basins.

The aim was to clean up the area and provide sophisticated living in historic surroundings in order to lure people back and let central Manchester breathe again.

It is working. There are now about 2,000 residents and there will be 1,040 more from September when a student village opens at the

old Dunlop Buildings where Charles Macintosh invented his raincoat around 1823.

Such developments as Housing Projects, Bellway, MacBrayne, the Manchester Ship Canal Company itself, Piccadilly Village and Wimpey are thrilled at how their schemes have sold, often right off the plan.

MacBrayne is building on Slatte Wharf, beside the Bridgewater Canal, and Bellway at Woollen Place in Liverpool Road, opposite the world's first passenger railway station. Flats in these developments start at around £50,000.

The smartest conversion — and selling fast, although only a few days on the market — is a warehouse beside the Rochdale Canal at 42-44 Sackville St.

The Manhattan Loft Corporation, fresh from successes in London at Summers Street in Clerkenwell and Wardour Street in Soho, is turning a superb building — rich in beams, cast iron and high ceilings — into 35 shell flats which buyers will finish themselves. Prices from £25,000.

Meanwhile, if you are a developer looking for a warehouse to convert,

the CMDC (061-236 1166) will be happy to suggest some.

□ □ □

The May figures of the Corporate Estate Agents property index, based on data from 4,100 offices (with about half the country's estate agency business), show a sliding market. Agreed sales fell 3.6 per cent and completed sales 4.9 per cent compared with April — which itself was 10.4 and 11.2 per cent down on March, the best month in a long time.

Winkworth expects prices to peak in the next month and then perhaps to fall back slightly in the second half of the year when, normally, fewer people try to buy.

□ □ □

Two modernist 1930s' houses are on the market. F.R.S. Yorke (of Yorkie Rosenberg and Mardall, now the Y.E.M. Partnership) designed Turville in Hatfield, Hertfordshire, when he was 27. Listed grade II*, it needs work to restore it as a gem of the enlightenment between the wars. Bumhill Sedgwick (077-852 384) asks around £220,000.

In St John's Wood, north London David Stokes built 5 Cochrane Street NW8 in 1937 and has been there ever since. Now, though, it is time to sell. Brian Lack (071-582 5929) asks £245,000.

Conservation

Manchester gets a breathing space

There is a minor revolution going on in the building trade. At the heart of it is a four-letter word, the roots of which go back even further than those four-letter Anglo-Saxon words much favoured by British workmen.

The word is lime. For approaching 20 years it has been much favoured in building conservation circles, but the problem has been one of converting the ordinary builder back to lime, according to masonry consultant Bob Bennett.

Bennett runs the Lime Centre, a small enterprise dedicated to training people in the use of this most ancient of building materials.

"Man has been using lime for 3,000 years," he says. "Cement is a mere passing phase. Unfortunately, since the second world war when cement became widely known through its use in concrete defences not only builders but also private individuals have turned to it for repairs to traditional buildings."

"Usually, this is all wrong. Almost all these buildings were built with lime mortar, which is far less harsh than cement, more forgiving and, above all, allows buildings to breathe."

Lime is on the way back, though. It began in the mid-1970s with the start of a 12-year programme of conservation on the west front of Wells Cathedral in Somerset, and now there is a handful of experts who, like Bennett, run regular courses on

using this material. At the Lime Centre, Bennett's fortnightly courses attract private individuals as well as builders, architects, conservation officers and other interested professionals.

In the Chilterns, building conservator Ian Pritchett runs similar courses. Like Bennett, he slakes lime and supplies it to specialist restorers.

"We seem to be gaining more

because of the vapour-permeable nature of lime mortar, which means that moisture absorbed by the fabric emerges through the joints. Insert a modern pointing of Portland cement in an old wall and damp is likely to stay in the wall, say the proponents of lime.

"If a wall can't breathe the result is often damage to brick and stonework — or even to the whole wall," says Bennett. "The answer, particu-

"Many builders avoid lime mortars if possible because they are slower to lay than cement mortars," he says.

In some parts of the country, however, their use has barely died out. In Devon, where many of the older buildings are made of cob — a mixture of clay and straw — large quantities of lime were always used. Builder Kevin McCabe, of Colyton, near Honiton, is one of a handful of builders who has always used lime on old buildings.

For several years, he has done his own slaking. "It is a cheap, relatively quick process and you know exactly what you are going to get," he says. In spite of the lime revival, however, it is still unusual nowadays for builders to slake their own lime.

"Lime has such a good track record. It should not be taken as read that all new building developments are necessarily better than the original," says McCabe.

■ *Information: The Building Limes Forum, 2 Cross Cottage, Kiddington, Oxfordshire OX20 1BN; The Lime Centre, Long Barn, Morestead, Winchester, SO21 1LZ; Building conservation training courses, Fort Brockhurst, c/o English Heritage Room 528, Keween House, 429 Oxford Street, London W1R 2ED.*

L.P.C. Building Conservation, Hollow Tree Cottage, Binfield Heath, Henley-on-Thames, Oxfordshire RG9 4LR; Winchester Mansion Trust, 1 The Old Town Hall, High Street, Stroud, Gloucestershire GL5 1AP.

Lime was used to make mortar 3,000 years ago. Now, it is causing a minor revolution in the building trade, says Clive Fewins

enlightened clients on our courses all the time — especially surveyors but we could still do with more builders," he says.

Near Stroud, in Gloucestershire, Woodchester Mansion Trust is using the unfinished Victorian mansion there as a focus for the revival of traditional building skills. The trust runs occasional courses on the use of lime mortars in stone buildings.

And, at Gosport in Hampshire, the English Heritage Conservation training centre at Fort Brockhurst also runs courses based on the use of lime.

The key to the "back to lime" philosophy is the fact that old buildings breathe. In the past, it was accepted that this happened

largely in older buildings, to replace lime with lime — which usually means lime.

"People forgot that until the coming of Portland cement in 1824 lime was in common use in the construction of virtually all buildings.

The ancient Egyptians used it, the Greeks appreciated its qualities and, in this country, the Romans used it very widely, and many buildings right up until the outbreak of war in 1939 were built with lime mortar."

In the widespread move back to lime mortars, many builders still resist the trend, according to architect Rodney Black of East Bergholt, Suffolk, who has been specifying lime mortar for work on traditional buildings.

"Lime has such a good track record. It should not be taken as read that all new building developments are necessarily better than the original," says McCabe.

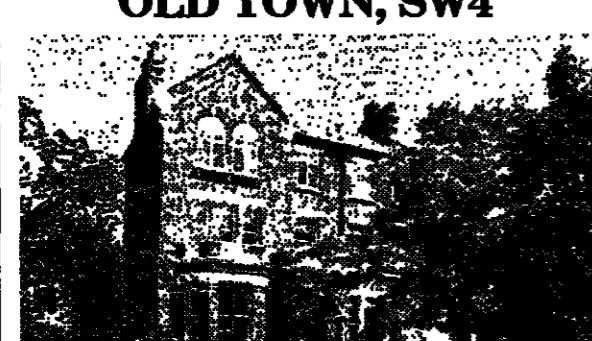
■ *Information: The Building Limes Forum, 2 Cross Cottage, Kiddington, Oxfordshire OX20 1BN; The Lime Centre, Long Barn, Morestead, Winchester, SO21 1LZ; Building conservation training courses, Fort Brockhurst, c/o English Heritage Room 528, Keween House, 429 Oxford Street, London W1R 2ED.*

L.P.C. Building Conservation, Hollow Tree Cottage, Binfield Heath, Henley-on-Thames, Oxfordshire RG9 4LR; Winchester Mansion Trust, 1 The Old Town Hall, High Street, Stroud, Gloucestershire GL5 1AP.

Villagers at Blewbury, Berkshire, rebuilding a chalk cob wall

LONDON PROPERTY

ST. JAMES' HOUSE OLD TOWN, SW4



A substantial detached double-fronted Victorian residence with an attached coach house, beautifully presented with a carriage driveway and an impressive garden to the rear. Conveniently situated in this wide residential road running off the Northside of Clapham Common. Close to local amenities and with excellent transport facilities into the City and West End.

MAIN HOUSE
DRAWING ROOM, DINING ROOM, 4 FURTHER RECEPTION ROOMS,
KITCHEN/BREAKFAST ROOM
PRINCIPAL BEDROOM SUITE
BEDROOM, DRESSING ROOM, BATHROOM
GUEST SUITE, BEDROOM, DRESSING ROOM, BATHROOM
STAFF SUITE, BEDROOM, BATHROOM, NURSERY KITCHEN
2/3 FURTHER BEDROOMS, FURTHER BATHROOM
UTILITY ROOM, WINE CELLAR, GARDEN ROOM/WORKSHOP,
LARGE GARDEN, OFF-STREET PARKING.

COACH HOUSE:
DOUBLE GARAGE AND BOILER ROOM
WITH LARGE GAMES ROOM ABOVE.

FRIESEHOLD 2875,000

FRIEND & FALCKE

Tel: 071 436 0736 Fax: 071 622 7541

JOHN D WOOD & CO.

London and Country Estate Agents Established 1872

Tel: 071 235 6174 Fax: 071 850 1675

ONLY MINUTES FROM THE CITY.
QUALITY APARTMENTS TO RENT.

Wouldn't it be convenient to have a luxurious home adjacent to the city so that travelling to and from your office becomes no problem at all?

All you have to do is choose a superb spacious 2 or 3 bedroom apart-

ment at Hermitage Court, E1, from just £250.00 a week — just minutes from the City and now available to rent.

Centred around a tranquil, landscaped courtyard, the Bovis Homes

quality features supplied as standard include video entryphones, porterage, secure underground parking and well equipped and appointed kitchens and bathrooms.

For further details of these superb Bovis Homes to rent, call our Sales Office on 071-481 2457 (24 hours).

Bovis Homes

FRANK HARRIS & COMPANY

Established since 1979
Specialist in the Letting & Management of Residential Homes in Covent Garden, Soho, Bloomsbury, Holborn and Mayfair.

TEL: 071 387 0077 FAX: 071 388 2504

LONDON PROPERTY

EATON MEWS NORTH

For June issue of widest selection of flats for sale.

PLEASE TELEPHONE:

071 600 7000 OR FAX: 071 600 3554

FRANK HARRIS & CO BARBICAN & CITY

For June issue of widest selection of flats for sale.

PLEASE TELEPHONE:

071 600 7000 OR FAX: 071 600 3554

W.A. Ellis 071-581 7654

IS YOUR CENTRAL LONDON PROPERTY UNOCCUPIED PART/ALL OF THE YEAR?

Property Management in your absence.

Please call for further details.

Elizabeth Goddard 071 262 9855

RETIREEMENT

Stylish Living

English Courtyard cottages and apartments are designed for comfortable living, even in small details such as the siting of sockets and the height of worktops.

Our development at Winterbourne Earls near Salisbury

may look as if it's just stepped out of the 17th century, but it incorporates everything which has earned English Courtyard

its many accolades.

Prices are from £155,000

To find out more about these and other retirement properties throughout England ring us now.

The English Courtyard Association

8 Holland Street, London W1 4LT

FREEFONE 0800 220858

KENSINGTON/CENTRAL LONDON

Largest selection of quality properties, £180-£1500pw.

From 3 wks to 3 yrs.

Chard Associates

071 938 2605, 10-7pm

BUYING FOR INVESTMENT? We identify the best opportunities for you throughout central London and provide a complete package service: Acquisition, Finance, Purchase, Sale, Letting, Management. For details call 071 493 4291

CITY EC4. Riverside Block, 1 bed flat. Tel: 071 638 2736 Fax: 071 436 2846

BEVERLEY JONES & PARTNERS 0291 623822

COUNTRY RENTALS

O'DIHAM

A 6 bedroom detached country house in a superb rural location. Available for letting throughout the year. Spacious split level, triple aspect sitting room. Very large kitchen with AGA greenhouse and patio area. £12,500 p.a.

For further information contact: Agents on

HARTLEY WINTNEY (HANTS) 0325 8427795

COASTAL, CROWN DR, GARNET, 2 bed. Tel: 0325 8427795, 10 am-5 pm, Sat 10 am-4 pm, Sun 11 am-4 pm. Open 365 days a year. Self-catering, en-suite, fully equipped. All inclusive. No cleaning fees. Tel: 0325 8427795 Fax: 0325 8427795

GUERNSEY — SHELDRICK & COMPANY LTD 4 South Esplanade, St Peter Port. One of the Island's largest independent Estate Agents. Tel: 0481 744455. Fax: 0481 738511.

COSTA DEL SOL PROPERTIES, Marbella

Office. For Information & Prices Tel: 031 303 5761

FRENCH PROPERTY RENTAL, Free Monthly

Old, new and self prop., info, adv. etc.

Ask for our free copy now. 071-942 0201

INTERNATIONAL PROPERTY TRUSTLINE, Tel: 0483 433354 Fax: 0483 434986

BOOKS

The life of Joseph Chamberlain was so full and varied that his official biographer, JL Garvin, needed 15 years to complete the first three volumes, then gave up. Julian Amery picked up the baton and took another 20 years to complete the story. Amery's work was published in 1969. There have been other, shorter books, but the long, detached study comes only now from the North American historian, Peter T. Marsh.

One can see the difficulties. Chamberlain conforms to no recognisable pattern in British politics. He grew up in London, but made his name in Birmingham. He left school at 16, but was already pretty well educated. His father put him into business. In Birmingham he became known as the screw king, because it was screws that his company manufactured. He was arguably the most successful mayor in the history of British local government.

Under his stewardship in the mid-1870s, no corner or institution in Birmingham was left untouched by his reforms.

Then he went into national politics.

For a time he flirted with Newcastle, and had a fling at Sheffield where he failed. So he fell back on Birmingham which provided his political base for the rest of his life.

The political society of the time did not understand such an outsider. London's reaction to Chamberlain was distinctly snobbish.

There was a terrible row about his putting up his relatives for the Reform Club. Years later, when he was Colonial Secretary and in the absence of the prime minister had

entertained the Kaiser at Windsor with the Queen, a foreign office mandarin noted: "We can only hope that Birmingham has not given himself away." In short, he was thought to be unsophisticated.

His political career, though it had some peaks, was turbulent throughout. Some of the troughs, and the reason why he did not make it to Downing Street, were undoubtedly of his own making. Chamberlain

was initially a radical Liberal, much more so than Gladstone. But, as Marsh demonstrates, it was more his personal rivalry with Gladstone rather than a difference of political beliefs that led to the two men falling out. Chamberlain could have

JOSEPH CHAMBERLAIN: ENTREPRENEUR IN POLITICS
by Peter T. Marsh
Yale University Press, 725 pages

down as a wrecker rather than as a politician of achievement. Yet there is something in the phrase that he exercised influence without much power. Most of the social reforms of the late 19th century had something to do with him: education, pensions, compensation for industrial accidents. He was politically astute in realising that the Conservatives could be a reforming party because that Gladstone stayed as leader.

Chamberlain was to change his mind again, and damage other parties, on other subjects. He became the great imperialist and advocate of tariff reform, having once been in favour of free trade. He may thus go

of the state of Nigeria.

True, there are murkier sides. Even now it is still not clear how far he gave implicit encouragement to the Jameson raid in South Africa; certainly he gave a very indiscreet briefing to the African correspondent of *The Times*, who had a direct line to Cecil Rhodes.

On the whole, however, Chamberlain was his own man. Winston Churchill wrote of him in *Greatest Contemporaries* in 1937: in British affairs "Joe was the one who made the weather". Marsh adds perceptively: "But no man could change the climate". The rest of the country was not like Birmingham.

Chamberlain's entrepreneurial

Malcolm Rutherford on the politician from Birmingham who exercised influence without much power

Versailles to Savile Row

Brian Sewell takes the suit to task

This genteel history of the suit, modelled on the limp volumes of belletrism that in the 1920s littered the lavatories and lesser bedrooms of the country house, ends on a "Naughty-naughty, tut-tut" note - "it is," avers the writer, "rude to be ill-dressed. It is particularly rude to dress squatly at the opera..." A three-button-coated dark suit from Marks and Spencer is strongly recommended.

As one who weeps at almost every opera, I should look and feel twice as foolish in a suit as I do in the crumpled sweater that engages Master Amies' despite. A suit demands a stiff upper lip and a straight back, but Mimi demands that I be reduced to a sobbing heap slumped in my stall, and for that a suit is far from suitable.

The Master traces the history of coat, trousers and vest from the Versailles of the Sun King to Savile Row; he touches it with great events and famous men as taste swings this way and that across the Channel, with fops and clowns and macaroni, with Brummell and the Comte d'Orsay, and with assorted asses playing Prince of Wales. In 1934, within these pages, the history of the suit becomes the history of Hardy Amies, and Burton, Bepworth, Tommy Nutter and the dashy Mr Fish swim into view.

The thread breaks from time to time, giving way to disconnected jottings and asides on class, tradition, the National Trust, Country Life, daffodils and daisies - "Latin should be taught intelligently and

interestingly in every school," the high-toned English too breaks down, gentlemen become gents, their suits gear, and we "get back to basics" with strictures on the shirt and tie and coy diversions into underpants.

The repeated justification for this book and the life and work of the Master is the snobbish refrain that the suit is the dress of the gentleman - but it is also, the doubter must observe, the dress of the politician who wishes to be mistaken for a gentleman, too easily camouflaged by expert tailors, manicurists

and the hairdresser (Mrs Thatcher's cabinets were full of them), and for the businessman it is a uniform.

Politics, business and the London club secure the future of the suit well into the next millennium, prophesies the Master; as one for whom it seems the most grotesque and impractical of garments, quite hopeless for walking dogs, listening to opera, eating in cool comfort, driving a car, painting pictures or enduring travel in an aeroplane, I wish that he would turn his attention to other forms of formal dress and I command the cassock that I wore as altar boy, a thing of tailored dove grey silk, a thousand buttons from throat to ankle, a touch of lawn about the neck - no puzzle-bugger jacketed suit could ever match its easy elegance.

A small child gazes transfixed at the shrine of Saint Minnia in Brón, Galicia: one of 187 colour photographs from Festivals and Rituals of Spain by Cristina García Rodero. Many of the photographs capture the rich fusion of ancient pagan ritual and solemn religious rite with its parades of jesters, masquerades, pantomimes and carousels in an apparently endless cycle of celebrations. The poet and novelist J. M. Caballero Sosolí provides the introduction and a map shows the locations of the villages photographed, most of them unknown to tourists.

The repeated justification for this book and the life and work of the Master is the snobbish refrain that the suit is the dress of the gentleman - but it is also, the doubter must observe, the dress of the politician who wishes to be mistaken for a gentleman, too easily camouflaged by expert tailors, manicurists

and the hairdresser (Mrs Thatcher's cabinets were full of them), and for the businessman it is a uniform.

Politics, business and the London club secure the future of the suit well into the next millennium, prophesies the Master; as one for whom it seems the most grotesque and impractical of garments, quite hopeless for walking dogs, listening to opera, eating in cool comfort, driving a car, painting pictures or enduring travel in an aeroplane, I wish that he would turn his attention to other forms of formal dress and I command the cassock that I wore as altar boy, a thing of tailored dove grey silk, a thousand buttons from throat to ankle, a touch of lawn about the neck - no puzzle-bugger jacketed suit could ever match its easy elegance.

This is, as you would expect, a journey informed by the novelist's eye. He encounters Bushman soldiers brought

lovely scene in the Kuruman mission church the secular-Jewish Jacobson and his atheist wife are the only congregation at the Easter service: "Making sense of my presence there was impossible; impossible also not to feel the strangest mixture of wonder, embarrassment, mirth, fraudulence, compassion for our hosts, even a kind of protectiveness towards them".

This is, as you would expect, a journey informed by the novelist's eye. He encounters Bushman soldiers brought

the story of another journey around Southern Africa. The scheme is simple: McCrum spent time in Botswana as a teenager in 1977 and liked it; 15 years later he went back. Cue to a pleasantly readable account of his travels and his undramatic adventures. McCrum has a good ear for dialogue and does not take himself too seriously. *Happy Sad Land* makes an interesting, relaxed, unessential read for anyone interested in that part of the world. He can't help Van Zyl Slabbert.

The best of the bunch, the surprise, the curiosity from out of the blue, the classic in-waiting, is Drury Pifer's *Innocents in Africa*. Pifer is an American, a playwright who was brought up in Southern Africa in the 1930s as son of a mining engineer who was employed on the Rand, in Kimberley, in South-West Africa, and then in Kimberley again.

Pifer has produced an entrancing memoir of childhood in pre-apartheid days.

This book, written with superb precision and elegance, its recall of detail based on access to his beloved mother's letters home, is utterly fascinating about the South Africa of those near-extinction (it is, as he says, "surreal"); he meets a group of far-right Afrikaners who are preparing for their own ethnic, on-screen state; he returns, always, to the history of these obscure territories; he notes that it was platinum as well as tourism which transformed the economy of President Mangope's Bophuthatswana; he has the expatriate white South African's gentle scepticism of the future ("A non-racial South Africa? One might as well talk of breeding a kosher pig...").

When he moves out of the Republic he is less confident; he does not respond to Botswana and is ill at ease in Zimbabwe. The single map is inadequate, the absence of an index is regrettable, and he can't spell Minnina.

As Joe's parents, Harriet and Sam, struggle to help him recover, another family in a nearby town is facing a different ordeal. Sheila is the grandmother, in effect the mother, of

the story of another journey around Southern Africa. The scheme is simple: McCrum spent time in Botswana as a teenager in 1977 and liked it; 15 years later he went back. Cue to a pleasantly readable account of his travels and his undramatic adventures. McCrum has a good ear for dialogue and does not take himself too seriously. *Happy Sad Land* makes an interesting, relaxed, unessential read for anyone interested in that part of the world. He can't help Van Zyl Slabbert.

The best of the bunch, the surprise, the curiosity from out of the blue, the classic in-waiting, is Drury Pifer's *Innocents in Africa*.

Pifer is an American, a playwright who was brought up in Southern Africa in the 1930s as son of a mining engineer who was employed on the Rand, in Kimberley, in South-West Africa, and then in Kimberley again.

Pifer has produced an entrancing memoir of childhood in pre-apartheid days.

This book, written with superb

precision and elegance, its recall of detail based on access to his beloved mother's letters home, is utterly fascinating about the South Africa of those

near-extinction (it is, as he

says, "surreal"); he meets a group of far-right Afrikaners who are preparing for their

own ethnic, on-screen state; he

returns, always, to the history

of these obscure territories; he

notes that it was platinum as

well as tourism which transfor-

med the economy of President

Mangope's Bophuthatswana;

he has the expatriate white

South African's gentle

scepticism of the future ("A

non-racial South Africa? One

might as well talk of breed-

ing a kosher pig...").

When he moves out of the

Republic he is less confident;

he does not respond to Bot-

swana and is ill at ease in Zim-

babwe. The single map is inad-

quate, the absence of an index

is regrettable, and he can't

spell Minnina.

As Joe's parents, Harriet and

Sam, struggle to help him

recover, another family in a

nearby town is facing a differ-

ent ordeal. Sheila is the grand-

mother, in effect the mother,

of the teenagers convicted of

the attack; she brought him up

after her own daughter died.

Thus Forster sets the scene

for a novel about mother

love, and about the fierce pro-

tectiveness both women feel

towards the boys they have

brought up - a protectiveness

which, far from helping them

to understand what has hap-

pened, actually gets in the way

of it.

The Pifers went back to

Angola by the South African

Defence Forces whose fore-

bears had massacred them to

near-extinction (it is, as he

says, "surreal"); he meets a

group of far-right Afrikaners

who are preparing for their

own ethnic, on-screen state;

he returns, always, to the history

of these obscure territories; he

notes that it was platinum as

well as tourism which transfor-

med the economy of President

Mangope's Bophuthatswana;

he has the expatriate white

South African's gentle

scepticism of the future ("A

non-racial South Africa? One

might as well talk of breed-

ing a kosher pig...").

When he moves out of the

Republic he is less confident;

he does not respond to Bot-

swana and is ill at ease in Zim-

babwe. The single map is inad-

quate, the absence of an index

is regrettable, and he can't

spell Minnina.

As Joe's parents, Harriet and

Sam, struggle to help him

recover, another family in a

nearby town is facing a differ-

ent ordeal. Sheila is the grand-

mother, in effect the mother,

of the teenagers convicted of

the attack; she brought him up

after her own daughter died.

Thus Forster sets the scene

for a novel about mother

love, and about the fierce pro-

tectiveness both women feel

ARTS

Why maestros don't throw wobbles

Antony Thorncroft explains the different rules governing classical and pop recordings

We all know that pop stars spend as much time in court as in the studios and that there are few artists who have not at some time fallen out with their record companies over royalties and advances. But could the same thing happen in the classical field; could Pavarotti throw a George Michael-style wobbly and take Decca, his recording company, to court?

In general, the classical departments of the record companies are considerably more rarified environments than their pop counterparts: there is still an over-riding commitment to art for art's sake. Fights are perceived as less important than the wonderful creations that they are laying down for posterity. In practice, this has meant that the classical departments of the large record companies are less-making and they have been subsidised by the more lucrative pop sections.

The rules that govern classical music recordings are, in most cases, the complete opposite of the cut-thrust workings of the pop business. It is the classical artists, especially the handful of established divas and maestros, who

have the record labels over the financial barrel. When the maestro coughs, the record executives jump.

In pop, major stars tend to earn most of their fortunes from their records and use live performances to promote the sales of albums whereas a prestigious record contract is a useful promotion for the source of the real money in classical music - the concert halls and the stages of the opera houses. A handful of big name stars - Pavarotti, Domingo, Kiri te Kanawa, etc - have quickly learned to exploit their commercial appeal and moved out of the opera house clique into the entertainment media, with vast open air concerts, emphasising the superior earning potential of the live performance for the classical star.

In pop, talent scouts scour the country in search of new acts which they strive to exploit quickly during the brief period of their fashionable shelf-life. In classical

music companies like Philips have been known to sign up young tyros and then hold them in creative suspense for years until they feel that their musical skills have reached a sustainable pitch.

They might then nurse them, and their loss-making recordings, for many more years until concert performances have finally delivered a revered reputation. Classic contracts inevitably tend to be for long periods, with the knowledge that when the breakthrough comes, sales tick over for decades. Most of the annual revenue on the classical side comes from recordings made long ago.

In pop, companies jealously guard their artists and are reluctant to let them record for rivals while top conductors and classical soloists take periodic "holidays" to make occasional albums with competitors. Classical companies accept the tradition of lending artists to other labels.

In pop, record companies want their artists to keep churning out repeats of their last hits. An established classical artist, however, can virtually perform what he or she chooses and there is a greater reluctance to force artists into the studio to complete a contract. If the inspiration has gone, the label accepts the loss.

Record companies have regarded their classical subsidiaries as cultural icons ensuring prestige rather than profits, which take years to accumulate, and much depends on the good personal relationships between artists, agents and record company personnel. Loyalties are generally enduring: Pavarotti has been with Decca for thirty years.

Classical albums might sell annually in their hundreds, rather than the hundreds of thousands of a pop hit, but they keep on selling. The

£500,000 recording cost of a major opera might be amortised over 20 years. Advances are generally low - £5,000 for a newly signed artist - but there are no deductions. A new pop act might be dazzled by a £250,000 advance but by the time the cost of studio time, promotional video, and marketing have been deducted there is often little left.

Unlike the pop industry, the classical world is selling repertoire rather than a name. Stars are important - on their broad backs the record labels hope to off-load to the shops the low priced, economically produced, recordings from eastern Europe and elsewhere, which supply music rather than masterpieces. But the serious enthusiast of classical music buys a sound rather than an over-hyped reputation.

There have been whispers that the gentlemanly idiosyncrasies of the classical companies are under threat and the emergence of Sony, which attracts artists who share its interest in exciting interpretations of the classics, know that they cannot afford to embark on an auction.

Agents, too, want long careers for their artists: not a pop star's brief hour in the spotlight. Joekie Van Walsam protects his artists from signing recording contracts because he feels they have not yet achieved the required maturity. Pop music sold its commercial soul to the devil decades ago in classical music there is still some integrity. That is one advantage in being a minority taste.

Gorecki, Tavener and, this year, Spanish monks chanting the Gregorian ritual, suddenly started to sell in pop-like proportions. But excited board room speculation that classical music could be the much-needed new musical craze were soon scuppered by sales figures. Even in recent years classical music has never managed to rise above 9 per cent of total record sales.

Most classical artists will still be more interested in developing a satisfying long creative career than cashing in their skills. The very limitations in the size of the business inhibit financial excess. Specialist record labels, like Conifer, which attracts artists who share its interest in exciting interpretations of the classics, know that they cannot afford to embark on an auction.

Agents, too, want long careers for their artists: not a pop star's brief hour in the spotlight. Joekie Van Walsam protects his artists from signing recording contracts because he feels they have not yet achieved the required maturity. Pop music sold its commercial soul to the devil decades ago in classical music there is still some integrity. That is one advantage in being a minority taste.

Off the Wall/Antony Thorncroft

Face-lift for listed National Theatre

On Thursday Heritage Secretary Peter Brooke declared the National Theatre on London's South Bank a listed building. And on Thursday Richard Eyre, the NT's director, announced that Sir Denys Lasdun's unloved creation was to be subject to a substantial face-lift.

Time may improve the look of the National but concrete brutalism, circa 1970, is currently out of popular favour. Richard Eyre's diplomatic embellishments, which include closing the ugly road that circles the place and knocking down a superfluous walkway to create a square stretching to the river, are a small step in the right direction. Sealing and cleaning the concrete before it starts to crumble may also soften the over-riding menace of the fly tower.

So here is an artistic re-development to be warmly welcomed

He also gave tentative backing for the idea of a major festival on the lines of the 1851 Great Exhibition. Surely no time can be wasted if this project is going to be a serious contender rather than a half-cocked diversion.

When Charlie Allsopp calls to order the saleroom at Christie's at 7pm on Monday evening and takes bids on a tiny Bonbin landscape, the art world will hold its breath. This

auction of post-1870 art, taken with a similar offering at Sotheby's on Tuesday, will determine the fate of the sea.

Sotheby's has the better earlier works, including the first sketchy version of Manet's most important composition, that bar girl at the Folies-Bergère, a star of the Courtauld collection. The £3m estimate seems modest. The other Sotheby's gem is one of the ten paintings of poplars Monet completed in 1891. Here again £3m is expected. A sign of the times is the £750,000 estimate on a haunting painting by Magritte: in 1989 it sold for over £2m.

Perhaps Sotheby's and Christie's will have calls from a mysterious telephone bidder, like the one who transfigured Bonhams' auction of Gothic art last Monday. The sale almost doubled its forecast at £271,000, with a bed designed by Puig's son Edward in 1888 making £28,500. The new owner of the bed, and much else from the sale, is that well-known Hollywood Goth, Cher.



Entries are now being accepted for

Christie's Inaugural Auction in Israel |

25 September 1994

Arch Higgins and Jenifer Ringer in New York City Ballet's 'Coriolan' by Miriam Mahdaviani, part of the company's Diamond Project

Dancing into difficulties

American ballet companies are losing their way, says Joan Acocella

Last December *The Red Shoes*, a musical comedy based on the world's most famous ballet movie, opened and closed on Broadway. It says something about the current state of ballet in New York that, a few months later, both of our major ballet companies were found serving up the funeral meats cold. At American Ballet Theatre, one of the spring season's featured offerings - indeed, a trumpeted event, with five performances added ("by popular demand") before it even opened - was the silly little ballet that the modern dance choreographer Lar Lubovitch had created for that musical.

Meanwhile, the star of *The Red Shoes*, Margaret Illman of the National Ballet of Canada, apparently no sooner got back to Toronto and fed her cat than she got a call from New York City Ballet. Not to be outdone in the *Red Shoes* sugar department, NYCB invited her to dance three guest performances during the spring season.

A glamorous past, an aimless present, feeding off that past while trying to figure out whether there is going to be any future - that, right now, is the story of ballet in New York.

In addition to *The Red Shoes*,

ABT dredged up Antony Tudor's 1963 *Echoing of Transients*, a highly sensationalist anti-war ballet (Nazis, gang rape on point) and produced James Kudelka's *Cruel World* (to Tchaikovsky's "Souvenir de Florence"), a highly sensationalist new ballet not about war but about how many slanting gymnastic pas de deux - with the woman spun, swaying, flinging, caught at the last possible second - you can pack into one ballet. Six, as I recall.

While ABT invested most of its resources in this big, bad duet for Clara and her Nutcracker, it was about how many slanting gymnastic pas de deux - with the woman spun, swaying, flinging, caught at the last possible second - you can pack into one ballet. Six, as I recall.

An aimless present, feeding off a glamorous past while trying to figure out the future, is the story of ballet in New York

any interesting dances. The big duet for Clara and her Nutcracker is an almost comically ungainly number. The night I was there, the excellent dancers Ashley Tuttle and Gil Boggs looked as though they were afraid they were going to be killed.

While ABT invested most of

its resources in this big, bad

duet for Clara and her Nutcracker, it was about how many slanting gymnastic pas de deux - with the woman spun, swaying, flinging, caught at the last possible second - you can pack into one ballet. Six, as I recall.

This ballet has things no

Nutcracker has ever needed

before: unicorns, Jewish jokes,

four ballerinas. Meanwhile, the things a Nutcracker needs

- a tree that grows, a battle

music, a party scene where

you can tell who the mother is

- it doesn't have. Nor are there

the Diamond Project, in which various choreographers were asked to stage new ballets on a low budget.

This year, the Diamond Project

was revived - the company

now says it will be a biennial

event. And, as before, a great

range of choreographers were

invited, veterans and tyros,

company insiders (Damian Woetzel, Miriam Mahdaviani,

Robert LaFosse, Richard Tanner, Peter Martins) and outsiders (Kevin O'Day, Trey McIntyre, David Allan, Ulysses Dove, Lynn Taylor-Corbett, Anna Laerkesen, John Allynne).

Basically, they produced two

kinds of ballets. One was the

complication ballet, favoured

by the company insiders - a

ballet in which classical steps

are cut up into thousand

details, a thousand little prettinesses, in the hope, it seems, of

distracting the audience from

the question of what it all

means. The other was the

complication ballet, favoured

by the company outsiders - a

ballet in which classical steps

are cut up into thousand

details, a thousand little prettinesses, in the hope, it seems, of

distracting the audience from

the question of what it all

means. The other was the

complication ballet, favoured

by the company outsiders - a

ballet in which classical steps

are cut up into thousand

details, a thousand little prettinesses, in the hope, it seems, of

distracting the audience from

the question of what it all

means. The other was the

complication ballet, favoured

by the company outsiders - a

ballet in which classical steps

are cut up into thousand

details, a thousand little prettinesses, in the hope, it seems, of

distracting the audience from

the question of what it all

means. The other was the

complication ballet, favoured

by the company outsiders - a

ballet in which classical steps

are cut up into thousand

details, a thousand little prettinesses, in the hope, it seems, of

distracting the audience from

the question of what it all

means. The other was the

complication ballet, favoured

by the company outsiders - a

ballet in which classical steps

are cut up into thousand

details, a thousand little prettinesses, in the hope, it seems, of

distracting the audience from

the question of what it all

means. The other was the

complication ballet, favoured

by the company outsiders - a

ballet in which classical steps

are cut up into thousand

details, a thousand little prettinesses, in the hope, it seems, of

distracting the audience from

the question of what it all

means. The other was the

complication ballet, favoured

by the company outsiders - a

ballet in which classical steps

are cut up into thousand

details, a thousand little prettinesses, in the hope, it seems, of

distracting the audience from

the question of what it all

means. The other was the

complication ballet, favoured

ARTS

The purest painter of them all

William Packer admires the later work of Pierre Bonnard

Pierre Bonnard, with a handful of his more-or-less contemporaries - Matisse and Picasso of course, Beckmann, Mondrian and one or two others - is one of the truly great painters of the 20th century. What makes him remarkable within this elite is his quality as the purest painter of them all. That is not to say that he was not an exquisite draughtsman, but even in this respect we find him suggesting, teasing the image out of a delicate flurry of marks, rather than fixing and delineating it in more conventional graphic fashion.

If his drawing is so painterly, how much more so is his painting itself. For while with Picasso and Matisse, for example, we will always find a quality of drawing in the painting - that is to say in the linear statement of an image which only then is painted - with Bonnard the paint on the surface is the image, the image a confection of stroke against stroke, colour against colour, with whatever line there is growing from this process.

The irony is that it was as a graphic artist that Bonnard first made his reputation in his *Nabis* youth in the 1890s. But here again it is in the broader disposition of pattern, tone or colour, mass against mass, flat on the surface, that we find the distinguishing character of the work. Even in the work of his old age, and especially in the domestic interiors and tabletop still-lifes, with their frontal, horizontal and vertical emphases and their exploitation of doors and windows, mirror frame and table edge, we may discover echoes of those same youthful, sophisticated graphic tricks.

It is this work of his old age which provides the substance of the small, beautifully judged and visually ravishing exhibition that now fills the Hayward's upper galleries. Bonnard had been visiting and working in the south of France since the early years of the century. In the spring of 1926, at the age of 58, having decided at last to settle in the sun, he bought the Villa du Bosquet at

Martel, a small resort close to Cannes on the Côte d'Azur. It was to be not just home and studio but the principal subject and stimulus of his work until his death, some 21 years later.

He did not, of course, confine himself to working only from the house and its garden, but it is the intriguing premise of this exhibition to concentrate on what he did within that limitation. Nothing, however, is lost of the variety or scope of his work, for here along with the paintings of his wife, Marthe, taking yet another bath, or of the table laid for lunch, are broadest and most distant of landscapes, looking out high over the garden wall to the sea far below, and to the blue and purple mountains far beyond.

And in between comes the midday view, up the steps to the terrace, down the garden path to the garden gate and over the wall to the neighbours' rooftops, fields and gardens. The birds feed along the path between the shrubs and bushes; the little dog skips across the grass. Inside the house, the tables seem to take us through the hours of the day and the seasons of the year. We tour the house, from dining-room to bathroom, to studio, to bedroom and back to dining-room - the house is not large. Marthe bathes again, sits working at the table, moves across the room, gets ready to go out. The painter looks at himself in the bedroom mirror.

The sense of place is palpable, inescapable. We feel we know exactly where we are, whether sitting at table, looking out of the window or through from one room to the next, catching just a glimpse of another figure here, a profile there, caught out of the corner of the eye. It is all done through the paint, shimmering and glowing on the surface of the canvas. We are not shown what is there exactly: nothing is described in simple terms, but rather hinted at, suggested by touch and colour, stroke against stroke.

We are coaxed into a conspiracy of feeling by which we sense through our eyes, rather than merely see, just how the



Martel in the Dining Room by Pierre Bonnard, 1933; the sense of the place is palpable

sunlight hangs in the air, and the shadows fall, and time passes, so softly. We may almost hear the bees hum, and the clock tick. "Brightness falls from the air; Queens have died, young and fair..." Here is a

great artist in his full maturity, catching sensation even as it fades. It is magical stuff, and poignant too, as is all great art, for it touches on our mortality. "Dust hath closed Helen's eye..."

Bonnard at le Bosquet: Hayward Gallery, South Bank Centre SE1, until August 29, then to Newcastle; National Touring Exhibition sponsored by British Telecom.

There is a poignant scene in Jules Dassin's *Never on Sunday* in which Homer Trace, the brash American know-it-all determined to bring back the true cultural values of ancient Greece to a country he finds riddled with happy hookers and hard drinkers, castigates Takis, the local bouzouki player, for being unable to read music, thus forsaking any right to be called a musician.

The scolded Takis sulks away to lock himself in the bathroom, only to recover his spirits when Ilya, the compassionate whore played by Melina Mercouri, persuades him that the birds in the trees manage to be the most beautiful of all music-makers without ever needing to consult written notes.

The scene was almost certainly based on a real-life incident during the shooting of the film; Dassin had been assured by his wife Mercouri that the film score's composer, Manos Hadjidakis, would produce a fitting piece of music to accom-

pany his sharply cynical portrayal of American cultural imperialism.

What he had not expected was that Hadjidakis would turn up with a group of friends with not a leaf of sheet music between them, asking them to improvise round any random melody he would start picking out.

Hadjidakis need not have worried: Hadjidakis' main theme for *Never on Sunday*, sung by Mercouri, won that year's Original Song Oscar and became a massive international hit.

The death of Hadjidakis last week, following so closely that

of his great friend and collaborator Mercouri in March, has left Greece in a state of shock which is hard to imagine in any other European country.

These two great charismatic performers, along with Mikis Theodorakis, were by far the most potent symbols of Greece's cultural golden era at the start of the 1960s, when the country began to emerge from the lengthy shadow of its Nazi occupation and civil war, and started to enjoy the fruits of cheap air travel and hordes of sunshine-seeking northern Europeans.

The bouzouki, the brooding,

passionate, sensual rebetiko folk-song

became ubiquitous harbingers of the country's new self-confidence: previously dismissed as a marginal, working-class phenomenon, Hadjidakis and Theodorakis used their flair for melody, and later their flair for cultural heritage, to inspire experimentation, to bring this essentially eastern

musical form to mass attention.

Today, serious music critics dismiss much of these composers' work as tourist-kitsch, but that is to underestimate its role in defining a new identity for a modern country straining to shed a frightening burden of ancient glories.

For a brief period, before the Colonels' coup in the spring of 1967, Greece - modern Greece - felt it could teach the world a thing or two about living, whether in the form of Anthony Quinn's Zorba, conducting Alan Bates in a few weary dance-steps on the beach, or Mercouri's Ilya, devouring *ouzo*, sailors and capitalism in equal measure.

Today, straining to breathe through the belching fumes of its capital city, racked by economic uncertainty, feeling threatened by border states, Greece has lost that momentary sense of exhilaration and has reverted to its previous cultural inferiority complex. As long as there was Melina fighting to her last breath for her Marbles, as long as Hadjidakis confined to hold court in Athenian cafés, Greeks could still remember when things felt better.

The loss of these dominant figures deals a hefty blow to a national psyche which forged by the Cassandra and Medeas of its cultural heritage, and its thirst for experimentation, to look on the bleak side of life.

The bouzouki, and the

passionate, sensual rebetiko folk-song

became ubiquitous harbingers of the country's new self-confidence: previously dismissed as a marginal, working-class phenomenon, Hadjidakis and Theodorakis used their flair for melody, and later their flair for cultural heritage, to inspire experimentation, to bring this essentially eastern

musical form to mass attention.

Today, serious music critics

dismiss much of these com-

posers' work as tourist-kitsch,

but that is to underestimate its

role in defining a new identity

for a modern country straining

to shed a frightening burden of

ancient glories.

Today, straining to breathe

through the belching fumes of

its capital city, racked by eco-

nomic uncertainty, feeling

threatened by border states,

Greece has lost that moment-

ary sense of exhilaration and

has reverted to its previous

cultural inferiority complex.

As long as there was Melina

fighting to her last breath for

her Marbles, as long as Hadji-

dakis confined to hold court

in Athenian cafés, Greeks

could still remember when

things felt better.

The loss of these dominant

figures deals a hefty blow to a

national psyche which forged

by the Cassandra and Medeas

of its cultural heritage, and its

thirst for experimentation, to look

on the bleak side of life.

The bouzouki, and the

passionate, sensual rebetiko

folk-song became ubiquitous

harbingers of the country's new

self-confidence: previously dis-

missed as a marginal, working-

class phenomenon, Hadjidakis

and Theodorakis used their

flair for melody, and later their

flair for cultural heritage, to

inspire experimentation, to bring

this essentially eastern

musical form to mass atten-

tion.

Today, straining to breathe

through the belching fumes of

its capital city, racked by eco-

nomic uncertainty, feeling

threatened by border states,

Greece has lost that moment-

ary sense of exhilaration and

has reverted to its previous

cultural inferiority complex.

As long as there was Melina

fighting to her last breath for

her Marbles, as long as Hadji-

dakis confined to hold court

in Athenian cafés, Greeks

could still remember when

things felt better.

The loss of these dominant

figures deals a hefty blow to a

national psyche which forged

by the Cassandra and Medeas

of its cultural heritage, and its

thirst for experimentation, to look

on the bleak side of life.

The bouzouki, and the

passionate, sensual rebetiko

folk-song became ubiquitous

harbingers of the country's new

self-confidence: previously dis-

missed as a marginal, working-

class phenomenon, Hadjidakis

and Theodorakis used their

flair for melody, and later their

flair for cultural heritage, to

inspire experimentation, to bring

this essentially eastern

musical form to mass atten-

tion.

Today, straining to breathe

through the belching fumes of

its capital city, racked by eco-

nomic uncertainty, feeling

threatened by border states,

Greece has lost that moment-

ary sense of exhilaration and

has reverted to its previous

cultural inferiority complex.

As long as there was Melina

fighting to her last breath for

her Marbles, as long as Hadji-

dakis confined to hold court

in Athenian cafés, Greeks

could still remember when

things felt better.

The loss of these dominant

figures deals a hefty blow to a

national psyche which forged

by the Cassandra and Medeas

of its cultural heritage, and its

thirst for experimentation, to look

on the bleak side of life.

The bouzouki, and the

passionate, sensual rebetiko

folk-song became ubiquitous

harbingers of the country's new</p

BBC1

5 News. 7.30 Folk the Cat. 7.45 Joe 90. 8.10 Flintstones. 8.35 Round the Twist. 8.30 Panorama. 10.05 To Land with Love. 11.45 Weather.

1.45 Grandstand. Introduced by David Lyman. 12.00 Tennis: Wimbledon '94. Coverage of the sixth day's action from the All-England Club, players we for a place in the last 16. Commentary by John Motson, David Menton, Mark Cross, Bill Trott, John Anderson, Paul Hutchins, Julian Trust, Virginia Wade and Ann Jones. 1.00 News. 1.05 Tennis. 4.45 World Cup '94: A round-up of news from America, where Argentina and Holland are among the teams in action later today. Times may vary.

5.10 News.

5.20 Regional News and Sport.

5.30 Film: *The Three Musketeers*. Comic version of the classic tale about three swashbucklers who fall a treacherous plot to kill King Louis XIII. Starring Oliver Reed, Richard Chamberlain and Michael York (1973).

7.10 Pop Quiz. Roger Taylor, Pete Curnish, Toby Jean and Matthew Pateman compete in the test of musical knowledge, testing archive footage of Cole Porter, Bob Led Zeppelin and The Who.

7.40 Hit the Road. Team captain Jonathan Coleman, Annelie Giles and John Leslie urge Bobby Deans, Stuart Hall, Jonathon Morris, Jenny Powell, Sarah Vandenberg and Bradley Walsh to perform a variety of bizarre tasks in Hertfordshire.

8.20 News and Sport; Weather.

8.40 World Cup Grandstand. Argentina v Nigeria. Live coverage from Foxboro, Massachusetts. Will the Nigerians be able to emulate the exploits of Cameroon, who defeated Argentina 2-1 in the opening game of Italy '90? Plus, highlights of Belgium v Holland, and Saudi Arabia v Morocco.

11.00 Athletics: European Cup. David Coleman commentates on the opening day's action from Alexander Stadium, Birmingham.

11.40 Film: *Relentless*. A newly promoted detective and his faded partner set out on the trail of a serial killer who selects his victims from the telephone directory. Thriller, starring Robert Loggia (1989).

1.10 Weather.

1.15 Close.

BBC2

6.00 Open University. 12.15pm Film: *Cattle Queen of Montana*.

1.45 *Gardener's World*. Live highlights of some of the designer gardens displayed at the programme's annual show at the National Exhibition Centre, Birmingham. Plus, David Stevens meets Noel Edmunds and a green-fingered Mr Blobby when he visits Chirkley Bottom.

2.30 Scrutiny. Investigations into the latest parliamentary issues and concerns.

3.00 Wimbledon '94. Live coverage from the tennis tournament at the All-England Club, plus the second week with ambitious outsiders for a place in the last 16. Once again the top names will start as favourites, but it has been something of a trend in recent tournaments for unranked outsiders to put one over on their more fancied opponents, as happened yesterday with Ivan Lendl with his victory over three-times Wimbledon winner Boris Becker in the Stas-Artola tournament at Queen's Club.

3.30 Film: *Young Sherlock Holmes*. Action-packed adventure following the young detective and his sidekick Watson as they embark on their first investigation while still at school. Nicholas Rowe and Alan Cox star (1985).

4.15 Today at Wimbledon. Sue Barker presents highlights of today's play, and analyses the first week of the tournament with the help of an expert studio guest.

11.18 *Film Cut*. The award-winning documentary series focuses on the controversial issue of modern sexual attitudes. This film reveals the humorous yet tragic tale of men and women who choose to live without the social and moral restrictions of society at a time when countless promiscuity can prove deadly.

12.30 Film: *The Adventures of Gerard*. A boisterous French underdog undertakes a mission to desecrate the English forces during the Napoleonic Wars. Comic historical adventure, starring Peter McEnery, Claudia Cardinale and Eli Wallach (1970).

2.00 Close.

TELEVISION

SATURDAY

LWT

8.00 GMT. 8.25 *Gimme 5*. 11.30 *ITV Chart Show*. 12.30pm Opening Shot.

1.00 *ITV News*; Weather.

1.05 *London Today*; Weather.

1.10 NBA Basketball.

2.00 *Athletics*: The European Cup. Jim Rosenthal introduces the opening day's action from Alexander Stadium, Birmingham.

4.45 *ITV News*; Weather.

5.00 *London Today*; Weather.

5.15 *World Cup '94*. Belgium v Holland from the *Citrus Bowl*, Orlando. The Dutch have spread the international far and wide to travel in their team for the tournament, while Belgium's appeal is often denied in their domestic first division, with the exception of Parma's George Grun and Enzo Scifo of Monaco.

7.45 *Stars in Their Eyes*. Soundbite contestants take the stage as Neil Sedaka, Mick Hucknall, George Michael, Connie Francis and Linda Perry of *4 Non Blondes*.

8.30 *Film: Beaches*. A successful teenager has her terminally ill friend to reminisce about their life-long relationship. Teaser, starring Bette Midler and Barbara Hershey (1988).

10.30 *ITV News*; Weather.

10.40 London Weather.

10.45 *Film: Bright Lights, Big City*. Drama starring Michael J. Fox as a magazine researcher whose life falls apart when his drug habit spirals out of control. With Kiefer Sutherland (1988).

12.45 *Tour of Duty*; *ITV News Headlines*.

1.40 *The Big E*.

2.35 *Gaz Top Non Stop*; *ITV News Headlines*.

3.35 *Cinema, Cinema, Cinema*.

4.05 *BPM*.

5.00 *Hot Wheels*.

CHANNEL 4

8.00 *4-Tel on View*. 8.25 Early Morning. 10.00 *Trans World Sport*. 11.00 *Geoffrey Games*. 12.00 *Sing Off* At Leisure. 12.30pm *People First*.

1.00 *4 Goss to Glastonbury*. Live coverage from the annual rock festival, including performances by M'Shell, Grant Lee Buffalo and R.E.M., Plus, comedy cabaret acts and choir works.

2.45 Racing from Newcastle and Newcastle. Introduced by John Francome and Derek Thompson. From Newcastle: The 3.05 Fred Archer Stakes, 4.10 The Van Gogh Criterion Stakes, 4.15 The Stud Plate, 4.30 The Stakes and the 4.45 Plumpton Stud Maiden Stakes. From Newcastle: The 2.45 Cameron Hall Developments Sprint Trophy (H'cap Stake), 3.20 *Journal* Good Morning Handicap Sires. 3.55 *Stevens* Brown Almond Tree Handicap Plate (H'cap Stake), and the 4.30 Harcourt Timber and Building Supplies Stayers Championship Series Stakes (H'cap Stake).

5.05 *Brookside*; *News Summary*.

6.30 *Film: Jason and the Argonauts*. Classic fantasy adventure chronicling the legendary Greek hero's perilous quest for the fabled Golden Fleece. Starring Todd Armstrong, Nancy Kovack and Horace Blackman (1983).

8.35 *The Sexual Imperative*. How offspring are reared, including an insight into the resources parents need to provide for their young successfully.

9.30 *The Unpleasant World of Penn and Teller*. Another chance to enjoy macabre illusions by the cult Americans, with Fiona Fullerton.

10.00 *4 Goss to Glastonbury*. Further live coverage from the music spectacular.

12.30 *Late Licence*.

12.40 *Hornet's Head*.

1.10 *Junk for Laughs*.

1.40 *Naked City*.

2.35 *Bands and Butt-Head*.

3.05 *True or False*.

3.35 *Close*.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

12.30 *Movies, Games and Videos*. 1.05 *Angela News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Angela Weather*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).

12.30 *Movies, Games and Videos*. 1.05 *Border News*. 1.10 *Cartoon Time*. 1.20 *Nigel Mansell's IndyCar '94*. 2.05 *Athletics: The European Cup*. 3.00 *Local News and Sport*. 10.00 *Border News*. 10.45 *The Legend of Billie Jean* (1985).</p



This week I received a visit from a man from the Iranian embassy, or rather, as his card specified, The Islamic Republic of Iran. He was not wearing a tie. They do not, in the Islamic Republic. I believe it is something to do with the tie being a Christian symbol, crosses and all that, which keeps the Iran of the ayatollahs an open-necked zone.

Open-necked is not quite accurate. The man from Tehran had his white shirt buttoned (on a very hot day) to the top. Now, I do not want to argue that I would have been friendlier to my visitor if he had been wearing a tie; we opinion formers are never so superficial, even after a good lunch

Wrestling with a knotty problem

Dominic Lawson confesses to an increasing affliction — clothing cowardice

on a hot day in the City. But the emissary's strict adherence to the dress code of a regime we tend to regard as a fanatical alien theocracy was not designed to put me at my ease.

Clearly the man could not have been a spy. But what must he have thought of me? Here, in an office lacking air-conditioning with the windows bolted shut against the noise of passing traffic, sat the Englishman in a suit and tie, drinking hot tea with milk.

Which of the two men could be said to have the odder customs, at least as far as dress is

concerned? The encounter set me thinking. Why should I not come to work in the summer dressed in the open-necked style which pleases me, rather than some unfathomable code of etiquette.

This tie business is a particular problem. I like my existing range of shirts, but in the past, while the sleeves have kept their length nicely, the collars have mysteriously shrunk in the wash.

Every weekday morning there is an awesome, asphyxiating struggle to lock the tie into place. The blood supply to the brain is impaired, and the ideas which I

woke up with, dwindle in direct proportion to the diminished supply of oxygen.

There is no excuse for this. It is not as if there was some senior figure in the office who could tell me that I was not properly dressed without a jacket and tie. Nor would I have any trouble getting into restaurants. With the exception of the Savoy Group and the Ritz, I can think of few places of executive entertainment where the traditional dress code is rigidly enforced. And even there the staff will gladly lend the casual diner a temporary jacket and tie. I

suppose it all boils down to that avian disease of the middle-aged: the desire to be taken seriously.

I am frightened to be mistaken for an advertising copywriter or a member of the bohemian intelligentsia — my office is dangerously close to *The Guardian*.

At weekends too, I am increasingly afflicted by this clothing cowardice. When I am in Gloucestershire, solid farming country, I do not want the passing men of the soil to realise, before I open my mouth, that I am an interloper, a man from the

"smoke", as they call London. So I must wear a Barbour jacket, old corduroy trousers, and unclipped green wellingtons. I am still, of course, betrayed by the speed with which I drive my car around their narrow lanes, but there are sacrifices my temperament is not prepared to make, even for social acceptability in the shires.

There are certain people, heck, in the City, who think they have found the answer, who have developed an item of dress which is meant to proclaim: "Yes, I have a good and responsible job, but I am more witty and imaginative

than the rest of you bards."

This item is called the bow tie. But, while I have one or two friends who perpetrate this sartorial statement, I think we can all agree that, on the whole, bow-tie wearers are wrong "but the circumstantial evidence is compelling".

Indeed, had the man from the Iranian embassy come into my office wearing a bow tie, I would have been even more unfriendly over the matter of Salman Rushdie. You will have noticed that I have touched only on the matter of male dress codes. And unavoidably so. While it is true that the public dress of women in the Islamic Republic of Iran is not striking on variety, ever have only a black, could scratch the surface of so deep and mysterious a social drama.

Domestic *Lawson is editor of The Spectator*

Private View/Christian Tyler

Breakfast with a one-man welfare state

To be invited to breakfast and discover your host making tea and toast in his dinner jacket is mildly disconcerting, especially if he is nearly 70 years old.

Could the famously unconventional Michael Young (less well known as Lord Young of Dartington) have just returned from an all-night, end-of-term, party? Unfortunately, no. He was just saving time ahead of an evening engagement at Glyndebourne opera.

But since it is nearly the end of term and since it is also the 25th anniversary of the Open University, the creation of which Michael Young inspired (the OU now boasts more than 200,000 students and has been copied in 30 countries), it seemed a good time to find out what this remarkable entrepreneur was up to.

Lord Young is too gentle for an entrepreneur, too modest for a visionary. Listening to the thin, quiet voice it was hard to picture the social revolutionary who, among other things, drafted the 1945 Labour Party manifesto, coined the word "meritocracy" (to warn of its dangers) and created the Consumers' Association with its enormously successful magazine, *Which?*

He has a talent for originality rare in a conformist world. He sees what is happening rather than what ought to be happening, describes what is lacking, and sets about creating an organisation to supply it. It is a one-man welfare state.

One of his latest wheezes — a prediction, really, for the next century — is the "open school". It is his solution to the problems of truancy, disruption and academic failure and modelled on the Open University principle that every student is a volunteer, not a conscient.

Children are growing up sooner, Lord Young observes, but the time they spend in schools gets longer. Therefore they should, if they wish, be able to leave at any point after primary level and do something socially useful under supervision — including learning from home — until they are ready to resume formal studies later in life.

Utopian, or barny? From any other mouth such an idea would be mocked to death. But similar schemes are emerging already.

"I suppose I am influenced by the fact that I was at a school where there was little or no compulsion," Lord Young explained. He was referring to Dartington Hall School, the progressive establishment in Devon (recently closed after a series of scandals).

"We didn't have to attend classes unless we wanted to. And one was

encouraged to learn through undertaking projects of various kinds. So when I was 13 or so I mainly worked on a poultry farm, in the woods. I also set up a motorcycle repair business and bought and sold motorcycles. Through the chickens I learnt elementary book-keeping and how not to make a terrible loss.

"I was certainly happy there. I think happiness is a good goal to learning. It put the idea in my mind how much more swiftly people learn if they really want to and how it can be spoilt for them if they have to. What may be awful at 10 may be very agreeable at 13, and so on. Children don't develop at the same rate."

You went to some classes at Dartington I suppose?

"I went to a few, mmm. I was mainly interested in painting." He indicated a youthful landscape on the sitting room wall and told me he had a studio full of pictures. "And I was interested in philosophy. If there were any compulsory classes they were in philosophy. Bertrand Russell's children were there too. He was quite a frequent visitor and sometimes joined in the classes."

What about the learning gaps?

Lord Young's example was not persuasive; he recalled visiting Blenheim Palace as a youth with Anthony Crosland and Roy Jenkins and marvelling at their knowledge of the painters displayed there.

Gaps or no, Michael Young was able to get a degree at the London School of Economics while simultaneously qualifying as a barrister. Unfit for military service because of asthma, he ran the think-tank Polit-

most young children would certainly go. You just have to see what pleasure children of three get at nursery school.

"You would have to introduce this sort of thing gradually. People would be nervous, and rightly, about the minority of children who might escape the system altogether. Clearly there are a lot of children for whom the standard diet is satisfactory. They take it beautifully.

which was unconventional. Michael Young's father was an Australian violinist who turned music critic. His Irish mother separated from his father, after falling for a Russian Bolshevik with a flashing smile, and lived the bohemian life: love affairs, painting, partying and teaching at the Workers Educational Association.

I asked his son what, in founding 30 or more organisations, he had

Centre for Education monitors schools, the College of Health medical treatment. His University of the Third Age, set up with the social activist Peter Laslett, has retired people teaching each other. On his "brain trains" it is the commuters.

He recognises, however, the failure of most workers' co-operatives. That had been a disappointment, he said.

Are people fundamentally collaborative or selfish?

"Both. But I think what we've played up is the selfish side of it, and the collaborative side has been played down. The way we think about society and manage it — I think the whole thing is out of balance."

Many people must think of doing something when their toaster doesn't work, I said. But you go and start an organisation. What makes you different?

"What I learned from Dartington is the practical, or administrative sense. I don't think I'm a good administrator of something which is routine, but I think I'm a good administrator of something which isn't yet born because I have a rather good head for detail."

And because you know how to work the system?

"I can often see where with small effort you can achieve a relatively large result."

He guards against failure by looking for people to find fault with his schemes. "The most valuable people in any new enterprise are those who think it's no good."

You seem to enjoy creating these bodies as much as seeing the benefits, I said.

"Once something's going, if it is going, I'm happy to leave it. Unfortunately I find it difficult not to keep thinking of things to be done. They come streaming into my mind."

His latest project is to improve the rites of death. It may have less to do with his age than with the premature death exactly a year ago of his second wife, Sasha Mouroum.

It is obvious she misses her a great deal. "I would have liked to have died before her and to change

places with her if one of us had to die," he said, almost whispering.

He spent hours in research at crematoria watching the hurried routines enforced by the expense of the machinery. "Binding people to the pace of the machine can give a very inhuman result," he said. "It is even more terrible than I thought." His National Funerals College, launched this month, aims to remedy that by putting clergy, funeral directors, counsellors and crematorium managers together.

There is yet another project on the books, to do with the beginning of life. But that is still a secret.

It would be awful if any changes were to upset that.

"In essence they are volunteering. So they've got to be catered for along with the rest. You can't just have everyone walking in the woods and coming back with nice charcoal sketches," he laughed.

What about "workfare"?

Lord Young's voice adopted a stentorian authority as he pretended to address a defaulter: "Yes. You don't look after people with Alzheimer's disease. You haven't learned how to look after a trout fishery in north Wales. You have refused to go to Africa to help with the irrigation scheme in Rwanda. There's something wrong with you, John! You can't expect us to keep you if you don't do anything at all."

It was not only his schooling

been trying to do all these years.

"God knows. Maybe he doesn't. I've obviously tried to meet a need. I've got a rather keen sense of the market — usually not a commercial market — or of a demand that can be met by some innovation. I've always been motivated by opportunity."

He is also moved by what he calls "the wonderful potential in all of us that isn't being realised".

"And I think there has been a sort of communarian or collectivist theme. I've always thought that co-operatives were, on principle, the best sort of organisation for economic and social purposes."

So the Consumers' Association is an information co-operative whose numbers act as guinea-pigs for each other's purchases. The Advisory

Centre for Education monitors schools, the College of Health medical treatment. His University of the Third Age, set up with the social activist Peter Laslett, has retired people teaching each other. On his "brain trains" it is the commuters.

He recognises, however, the failure of most workers' co-operatives. That had been a disappointment, he said.

Are people fundamentally collaborative or selfish?

"Both. But I think what we've played up is the selfish side of it, and the collaborative side has been played down. The way we think about society and manage it — I think the whole thing is out of balance."

Many people must think of doing something when their toaster doesn't work, I said. But you go and start an organisation. What makes you different?

"What I learned from Dartington is the practical, or administrative sense. I don't think I'm a good administrator of something which is routine, but I think I'm a good administrator of something which isn't yet born because I have a rather good head for detail."

And because you know how to work the system?

"I can often see where with small effort you can achieve a relatively large result."

He guards against failure by looking for people to find fault with his schemes. "The most valuable people in any new enterprise are those who think it's no good."

You sounded highly disturbed.

You predicted, for example, that the FTSE 100 would top out at 3,600 before Easter and then fall like a stone in September or October, and that the gold price would finish 1994 above \$500 an ounce.

"And so it could, if the Chinese masses get their dander up and buy gold heavily. They love their gold, those Chinese masses. An extra ounce per Chinese household per calendar year would send the gold price soaring."

"You also said that John Major would resign."

"And so he will. Miss Lee. Just as Norway will beat Brazil in the World Cup final. You'd like Norway. There's Sigurd Rushfeldt and Jan Aage Tortoft and John Ivar Jakobsen..."

I looked up. Miss Lee had vanished. I was talking to myself. I returned to the dining room, to my glistening screen, which brings me weird stories from places far away.

An inter-galactic goal

Michael Thompson-Noel

HAWKS & HANDSAWS

enconced in the sitting room, which she chooses to call the green room, watching Wimbledon, or films about surfaces.

She watches nothing else. She is contemptuous of soccer, except, that is, for a handful of Latin American players whose careers she monitors with wistful devotion.

I bumped into her the other evening.

She said: "Hello, Michael. How is Valderrama doing? Is he juicing things up?"

I said: "Carlos Valderrama, who plays for Colombia? What a big

girl's-blouse. All that ridiculous hair, and what does it add up to? Nothing whatsoever. Colombia are finished. They haven't won a point. What a load of rubbish."

"How about Etcheverry, that nice Bolivian? I imagine he's surging."

"I'm afraid that Etcheverry kicked a German and was shown the red card, so it's goodnight to him."

"Caniggia of Argentina?" Miss Lee looked distract. "Surely he's prospering, thrusting into the penalty area, banging home the goals."

"Claudio Caniggia is another girl's-blouse."

"So tell me about yourself, Michael. How are you doing? I recall that among a series of half-baked forecasts you made at the start of the year, you predicted that in the final of the World Cup Norway would beat Brazil 3-1."

"Did I?"

"It was New Year's Day. I remem-

ber sitting in the green room on New Year's Day and perusing, for want of something better, a series of forecasts you made for 1994, of which Norway to beat Brazil 3-1 in the final of the World Cup was possibly the most eccentric.

"You sounded highly disturbed.

You predicted, for example, that the FTSE 100 would top out at 3,600 before Easter and then fall like a stone in September or October, and that the gold price would finish 1994 above \$500 an ounce."

"And so it could, if the Chinese masses get their dander up and buy gold heavily. They love their gold, those Chinese masses. An extra ounce per Chinese household per calendar year would send the gold price soaring."

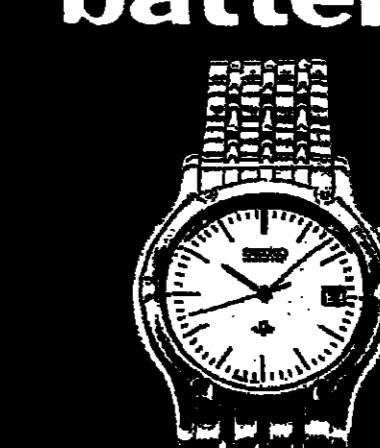
"You also said that John Major would resign."

"And so he will. Miss Lee. Just as Norway will beat Brazil in the World Cup final. You'd like Norway. There's Sigurd Rushfeldt and Jan Aage Tortoft and John Ivar Jakobsen..."

I looked up. Miss Lee had van-

ished. I was talking to myself. I returned to the dining room, to my glistening screen, which brings me weird stories from places far away.

Good-bye battery



For more information, contact Seiko Kinetic.

The precision accuracy of Seiko Kinetic is unmatched in the industry.

It is the first and only quartz watch to feature the unique power reserve technology, giving the user eight days of continuous operation.

It is also the first quartz watch to offer the unique "kinetic" movement, which provides power to the watch through the natural movement of the wearer's arm.

Seiko Kin